

Albaraka Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements
and related disclosures at June 30, 2019
together with limited review report**

*(Convenience translation of the limited review report and
financial statements originally issued in Turkish – see section three Note I.b)*

Convenience translation of the auditor's report originally issued in Turkish, See Note I.b of Section three)

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Albaraka Türk Katılım Bankası A.Ş.

Introduction

We have reviewed the unconsolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") at June 30, 2019 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by BRSA Legislation; together referred as "BRSA Accounting and Financial Reporting Legislation". Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Albaraka Türk Katılım Bankası A.Ş. at June 30, 2019, and the results of its operations and its unconsolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent, in all material respects, with the reviewed unconsolidated financial statements and disclosures.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2018 and 30 June 2018 were audited and reviewed by another audit firm, which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 4 March 2019 and 8 August 2018, respectively.

Additional paragraph for convenience translation to English:

As explained in detail in Note I.b of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with “BRSA Accounting and Financial Reporting Legislation” and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Emre Çelik, SMMM
Associate Partner

July 31, 2019
İstanbul, Turkey

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TRK KATILIM BANKASI A..
AS OF AND FOR THE SIX-MONTH JUNE 30, 2019

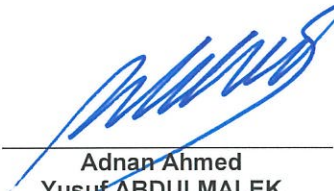


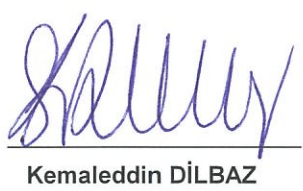


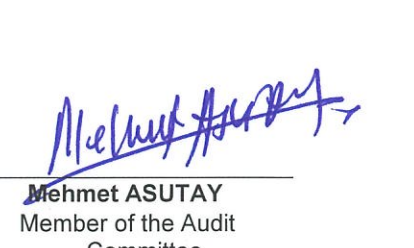
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The unconsolidated interim financial report prepared in accordance with the Communiqu on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM REPORT

The unconsolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqu on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency Regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been reviewed and presented as attached.

July 31, 2019

 Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	 Melikah UTKU General Manager	 Mustafa ETİN Assistant General Manager	 Kemaleddin DİLBAZ Financial Reporting Manager
 Mustafa BYKABACI Chairman of the Audit Committee	 Sleyman KALKAN Member of the Audit Committee	 Mehmet ASUTAY Member of the Audit Committee	

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank including its incorporation date, initial legal status and amendments to legal status:

Albaraka Türk Katılım Bankası Anonim Şirketi (the Bank) was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Turkey with the letter numbered 10912 and dated January 21, 1985.

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency (BRSA). 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' has been superseded by the 'Communiqué Related to Credit Operations of Banks' published in the Official Gazette dated November 1, 2006 numbered 26333 and the Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

The decision regarding the change in the title of the Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Bank's head office is located in İstanbul and is operating through 230 (December 31, 2018: 229) local branches and 2 (December 31, 2018: 1) foreign branch and with 3.884 (December 31, 2018: 3.988) staff as of June 30, 2019.

II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Bank and the disclosures on related changes in the current year, if any:

As of June 30, 2019, 54,06% (December 31, 2018: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain, 7,84% (December 31, 2018: 7,84%) owned by Islamic Development Bank, 25,25% (December 31, 2018: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Bank, if any^(*):

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	^(*) 0,0000
Members of BOD:	Osman AKYÜZ	II. Chairman of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	^(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	^(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	^(*) 0,0000
	Süleyman KALKAN	Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Prof. Dr. Mehmet ASUTAY	Member of BOD	Doctorate	-
	Wasim Ahmed ABDULWAHAB	Member of BOD	Master	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Nihat BOZ ^(**)	Assistant General Manager Responsible for Legal	Bachelor	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Nevzat BAYRAKTAR	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Operations	Master	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Süleyman KALKAN	Member of Audit Committee	Bachelor	-
	Prof. Dr. Mehmet ASUTAY	Member of Audit Committee	Doctorate	-

^(*) The share amounts of these persons are between TL 1-10 (full).

^(**) The above organization chart is as of 30 June 2019 and Mr. Nihat BOZ has retired from his duty on 1 July 2019.

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Bank's share capital (December 31, 2018: 0,0000%)

IV. Information on the Bank's qualified shareholders:

The Bank's paid in capital amounting to TL 900.000 consists of 900.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 486.523 of the paid in capital is owned by qualified shareholders who are listed below.

Name/commercial name	Share amount (nominal)	Share ratio	Paid shares	Unpaid shares
Albaraka Banking Group	486.523	54,06%	486.523	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

V. Summary on the Bank's service activities and field of operations:

The Bank operates in accordance with the principles of interest-free banking as a participation bank. The Bank mainly collects funds through current accounts and participation accounts based on profit and loss sharing agreements and investment wakalas agreements, which are only for legal entities. Bank lends such funds through corporate finance support, retail finance support, profit/loss sharing investment, finance lease, financing commodity against document and joint investments.

The Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semiannual and annual profit share payment) and accumulated participation accounts.

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment wakalas. The rate of participation accounts' participation to the loss is one hundred percent.

The Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, as an insurance agency on behalf of Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions which can be carried out by the Bank are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities which then needs to be approved by the Ministry of Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards with respect to consolidation and short explanation about the institutions subject to full or proportional consolidation and institutions, which are deducted from equity or not included in these three methods:

The Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Bereket One Ltd and Albaraka Sukuk Ltd, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity". Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" and other investments funds controlled by the Bank have been consolidated as well. Due to non-financial partnership, "Albaraka Kültür Sanat ve Yayıncılık A.Ş." which is the subsidiary of the Bank has not been consolidated.

VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Bank and its subsidiaries:

There is no immediate transfer of equity between the Bank and its subsidiaries. There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiaries.

SECTION TWO

The unconsolidated financial statements

- I. Balance sheet (Statement of financial position)
- II. Statement of off-balance sheet
- III. Statement of profit or loss
- IV. Statement of profit or loss and other comprehensive income
- V. Statement of changes in shareholders' equity
- VI. Statement of cash flows

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2019			December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.361.415	9.301.913	12.663.328	3.206.334	10.260.210	13.466.544
1.1 Cash and Cash Equivalents	(1)	1.316.037	7.669.117	8.985.154	1.315.531	9.802.734	11.118.265
1.1.1 Cash and Balances with Central Bank		405.294	5.942.623	6.347.917	509.720	5.408.661	5.918.381
1.1.2 Banks		923.924	1.726.726	2.650.650	822.685	4.394.362	5.217.047
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		13.181	232	13.413	16.874	289	17.163
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	1.345.181	269.408	1.614.589	1.110.506	6.741	1.117.247
1.2.1 Government Securities		835	261.590	262.425	834	-	834
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		1.344.346	7.818	1.352.164	1.109.672	6.741	1.116.413
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	698.771	1.363.388	2.062.159	778.787	450.735	1.229.522
1.3.1 Government Securities		567.318	1.196.200	1.763.518	708.161	350.353	1.058.514
1.3.2 Equity Securities		15	18.001	18.016	15	13.455	13.470
1.3.3 Other Financial Assets		131.438	149.187	280.625	70.611	86.927	157.538
1.4 Derivative Financial Assets	(5)	1.426	-	1.426	1.510	-	1.510
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		1.426	-	1.426	1.510	-	1.510
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		15.434.812	13.771.064	29.205.876	16.594.878	10.208.617	26.803.495
2.1 Loans	(6)	15.845.860	12.979.408	28.825.268	16.796.658	10.265.568	27.062.226
2.2 Lease Receivables	(7)	264.015	13.290	277.305	375.304	4.250	379.554
2.3 Financial Assets Measured at Amortised Cost	(4)	547.221	887.780	1.435.001	618.506	-	618.506
2.3.1 Government Securities		547.221	827.038	1.374.259	618.506	-	618.506
2.3.2 Other Financial Assets		-	60.742	60.742	-	-	-
2.4 Expected Credit Losses (-)	(6)	1.222.284	109.414	1.331.698	1.195.590	61.201	1.256.791
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	388.787	785	389.572	648.970	718	649.688
3.1 Asset Held for Resale		388.787	785	389.572	648.970	718	649.688
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	36.599	11.786	48.385	33.837	5.907	39.744
4.1 Associates (Net)		7.659	-	7.659	4.897	-	4.897
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		7.659	-	7.659	4.897	-	4.897
4.2 Subsidiaries (Net)		8.940	11.786	20.726	8.940	5.907	14.847
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.400	11.786	17.186	5.400	5.907	11.307
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		3.540	-	3.540	3.540	-	3.540
4.3 Joint Ventures (Net)		20.000	-	20.000	20.000	-	20.000
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
V. TANGIBLE ASSETS (Net)	(10)	1.215.639	8.551	1.224.190	655.230	219	655.449
VI. INTANGIBLE ASSETS (Net)	(11)	34.453	-	34.453	31.419	-	31.419
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		34.453	-	34.453	31.419	-	31.419
VII. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		28	-	28	3.492	-	3.492
IX. DEFERRED TAX ASSET	(13)	174.098	-	174.098	170.099	-	170.099
X. OTHER ASSETS	(15)	129.163	16.647	145.810	362.058	41.664	403.722
TOTAL ASSETS		20.774.994	23.110.746	43.885.740	21.706.317	20.517.335	42.223.652

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2019			December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	11.271.859	21.773.339	33.045.198	11.779.608	16.843.865	28.623.473
II. FUNDS BORROWED	(2)	2.452.176	1.526.443	3.978.619	1.834.328	5.017.765	6.852.093
III. BORROWINGS FROM MONEY MARKETS		890.635	-	890.635	771.957	-	771.957
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	3.032	-	3.032	1.545	-	1.545
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		3.032	-	3.032	1.545	-	1.545
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(4)	286.082	1.520	287.602	-	-	-
VIII. PROVISIONS	(6)	109.552	1.483	111.035	89.535	736	90.271
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		87.745	-	87.745	73.321	-	73.321
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		21.807	1.483	23.290	16.214	736	16.950
IX. CURRENT TAX LIABILITY	(7)	74.104	221	74.325	53.041	3.181	56.222
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	1.316.303	1.316.303	-	1.204.297	1.204.297
12.1 Loans		-	1.316.303	1.316.303	-	1.204.297	1.204.297
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	763.238	127.970	891.208	1.288.023	74.320	1.362.343
XIV. SHAREHOLDERS' EQUITY	(11)	3.280.398	7.385	3.287.783	3.269.225	(7.774)	3.261.451
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		870.146	-	870.146	845.976	-	845.976
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		870.146	-	870.146	845.976	-	845.976
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		232.040	-	232.040	234.708	-	234.708
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		28.808	7.385	36.193	33.270	(7.774)	25.496
14.5 Profit Reserves		1.430.833	-	1.430.833	1.300.967	-	1.300.967
14.5.1 Legal Reserves		138.620	-	138.620	134.082	-	134.082
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.292.213	-	1.292.213	1.166.885	-	1.166.885
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(181.429)	-	(181.429)	(45.696)	-	(45.696)
14.6.1 Prior Years Profit/(Loss)		(231.145)	-	(231.145)	(179.664)	-	(179.664)
14.6.2 Current Year Profit/(Loss)		49.716	-	49.716	133.968	-	133.968
TOTAL LIABILITIES		19.131.076	24.754.664	43.885.740	19.087.262	23.136.390	42.223.652

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2019			December 31, 2018		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		7.231.023	6.521.823	13.752.846	6.476.432	5.967.594	12.444.026
I. GUARANTEES AND SURETIES	(1)	4.662.597	5.325.782	9.988.379	4.655.835	5.389.862	10.045.697
1.1. Letters of Guarantees		4.628.230	3.623.109	8.251.339	4.625.551	3.949.014	8.574.565
1.1.1. Guarantees Subject to State Tender Law		615.374	61.540	676.914	569.981	58.456	628.437
1.1.2. Guarantees Given for Foreign Trade Operations		18	148.287	148.305	399	966.333	966.732
1.1.3. Other Letters of Guarantee		4.012.838	3.413.282	7.426.120	4.055.171	2.924.225	6.979.396
1.2. Bank Loans		-	27.204	27.204	-	39.338	39.338
1.2.1. Import Letter of Acceptances		-	27.204	27.204	-	39.338	39.338
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		912	1.327.433	1.328.345	7.980	1.221.635	1.229.615
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		912	1.327.433	1.328.345	7.980	1.221.635	1.229.615
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	342.778	342.778	-	170.661	170.661
1.7. Other Collaterals		33.455	5.258	38.713	22.304	9.214	31.518
II. COMMITMENTS	(1)	1.933.981	569.717	2.503.698	1.553.305	315.080	1.868.385
2.1. Irrevocable Commitments		1.933.981	569.717	2.503.698	1.553.305	315.080	1.868.385
2.1.1. Asset Purchase and Sale Commitments		366.652	569.717	936.369	161.878	315.080	476.958
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		210.515	-	210.515	215.439	-	215.439
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		656.456	-	656.456	537.673	-	537.673
2.1.7. Tax And Fund Liabilities from Export Commitments		9.475	-	9.475	6.906	-	6.906
2.1.8. Commitments for Credit Card Expenditure Limits		690.084	-	690.084	630.690	-	630.690
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		329	-	329	332	-	332
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		470	-	470	387	-	387
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	634.445	626.324	1.260.769	267.292	262.652	529.944
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		634.445	626.324	1.260.769	267.292	262.652	529.944
3.2.1. Forward Foreign Currency Buy/Sell Transactions		53.424	49.324	102.748	27.630	25.097	52.727
3.2.1.1. Forward Foreign Currency Transactions-Buy		52.562	819	53.381	27.630	-	27.630
3.2.1.2. Forward Foreign Currency Transactions-Sell		862	48.505	49.367	-	25.097	25.097
3.2.2. Other Forward Buy/Sell Transactions		581.021	577.000	1.158.021	239.662	237.555	477.217
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		70.934.327	14.978.492	85.912.819	68.732.410	13.762.534	82.494.944
IV. ITEMS HELD IN CUSTODY		3.927.822	2.468.066	6.395.888	2.380.394	2.083.413	4.463.807
4.1. Assets Under Management		1.576.048	-	1.576.048	393.768	-	393.768
4.2. Investment Securities Held in Custody		72	37.153	37.225	72	4.118	4.190
4.3. Cheques Received for Collection		1.582.379	251.133	1.833.512	1.448.653	225.232	1.673.885
4.4. Commercial Notes Received for Collection		525.728	70.163	595.891	494.993	50.417	545.410
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		210.003	384.947	594.950	9.316	356.885	366.201
4.8. Custodians		33.489	1.724.670	1.758.159	33.489	1.446.761	1.480.250
V. PLEDGED ITEMS		67.006.505	12.510.426	79.516.931	66.352.016	11.679.121	78.031.137
5.1. Marketable Securities		10.372.998	4.071.687	14.444.685	10.540.645	3.388.191	13.928.836
5.2. Guarantee Notes		1.076.551	168.028	1.244.579	1.099.082	155.984	1.255.066
5.3. Commodity		2.524.617	987.775	3.512.392	2.097.532	926.359	3.023.891
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		50.032.236	5.891.548	55.923.784	49.073.908	5.963.148	55.037.056
5.6. Other Pledged Items		2.749.651	1.382.671	4.132.322	3.307.628	1.240.217	4.547.845
5.7. Pledged Items-Depository		250.452	8.717	259.169	233.221	5.222	238.443
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		78.165.350	21.500.315	99.665.665	75.208.842	19.730.128	94.938.970

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS	Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2019	CURRENT PERIOD April 1- June 30, 2019	PRIOR PERIOD January 1- June 30, 2018	PRIOR PERIOD April 1- June 30, 2018
I. PROFIT SHARE INCOME	(1)	1.679.880	835.621	1.382.378	719.675
1.1 Profit Share on Loans		1.475.169	723.676	1.234.284	643.205
1.2 Income Received from Reserve Deposits		37.065	19.004	24.207	12.916
1.3 Income Received from Banks		1.559	939	685	387
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		133.489	72.832	95.502	51.060
1.5.1 Financial Assets at Fair Value Through Profit and Loss		1.365	926	294	249
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		85.426	47.221	59.063	32.902
1.5.3 Financial Assets Measured at Amortised Cost		46.698	24.685	36.145	17.909
1.6 Finance Lease Income		30.944	18.267	26.067	11.681
1.7 Other Profit Share Income		1.654	903	1.633	426
II. PROFIT SHARE EXPENSE	(2)	1.339.804	691.573	884.043	471.075
2.1 Expense on Profit Sharing Accounts		829.520	421.243	617.285	323.132
2.2 Profit Share Expense on Funds Borrowed		406.075	213.512	230.963	127.293
2.3 Profit Share Expense on Money Market Borrowings		70.332	38.304	34.337	20.636
2.4 Profit Share Expense on Securities Issued		-	-	-	-
2.5 Finance Lease Expense		29.070	14.787	-	-
2.6 Other Profit Share Expense		4.807	3.727	1.458	14
III. NET PROFIT SHARE INCOME (I – II)		340.076	144.048	498.335	248.600
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		147.273	77.289	85.327	45.291
4.1 Fees and Commissions Received		195.112	100.408	126.169	67.580
4.1.1 Non-Cash Loans		62.902	31.975	51.749	26.873
4.1.2 Other	(3)	132.210	68.433	74.420	40.707
4.2 Fees and Commissions Paid (-)		47.839	23.119	40.842	22.289
4.2.1 Non-Cash Loans		167	123	146	14
4.2.2 Other	(3)	47.672	22.996	40.696	22.275
V. DIVIDEND INCOME	(4)	2.762	2.762	177	177
VI. TRADING INCOME/LOSS(net)	(5)	137.513	70.128	146.036	112.144
6.1 Capital Market Transaction Income/(Loss)		61.237	25.939	28.320	9.765
6.2 Profit/(Loss) from Derivative Financial Instruments		(46.891)	(40.751)	(6.989)	(5.275)
6.3 Foreign Exchange Income/(Loss)		123.167	84.940	124.705	107.654
VII. OTHER OPERATING INCOME	(6)	384.408	88.501	331.049	57.618
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.012.032	382.728	1.060.924	463.830
IX. EXPECTED CREDIT LOSS (-)	(7)	402.561	81.204	352.680	95.571
X. OTHER PROVISION EXPENSES (-)		7.256	3.637	4.348	1.829
XI. PERSONNEL EXPENSES (-)	(8)	326.337	161.098	257.338	135.012
XII. OTHER OPERATING EXPENSES (-)	(8)	211.518	106.880	202.799	102.596
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		64.360	29.909	243.759	128.822
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/(LOSS) ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	64.360	29.909	243.759	128.822
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	14.644	7.339	47.578	30.358
18.1 Provision for Current Taxes		-	-	-	-
18.2 Deferred Tax Expense Effect (+)		134.966	43.871	82.704	54.002
18.3 Deferred Tax Income Effect (-)		120.322	36.532	35.126	23.644
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	49.716	22.570	196.181	98.464
XX. INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-	-	-
20.1 Income from Assets Held For Sale		-	-	-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Loss from Assets Held for Sale		-	-	-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.3 Loss from Other Discontinued Operations		-	-	-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Provision for Current Taxes		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(12)	49.716	22.570	196.181	98.464
Earnings Per Share		0,06	0,03	0,22	0,11

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	CURRENT PERIOD January 1- June 30, 2019	PRIOR PERIOD January 1- June 30, 2018
I. CURRENT PERIOD PROFIT/LOSS	49.716	196.181
II. OTHER COMPREHENSIVE INCOME	8.029	(9.946)
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	(2.668)	(5.059)
2.1.1 Revaluation Surplus on Tangible Assets	(3.042)	(5.059)
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	374	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	10.697	(4.887)
2.2.1 Translation Differences	11.995	19.832
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(1.664)	(31.691)
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	366	6.972
III. TOTAL COMPREHENSIVE INCOME (I+II)	57.745	186.235

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
CURRENT PERIOD (January 1 - June 30, 2019)															
I. Closing balance	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(179.664)	133.968	3.261.451
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(196.968)	133.968	3.244.147
IV. Total Comprehensive Income		-	-	-	-	(3.042)	374	-	11.995	(1.298)	-	-	-	49.716	57.745
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	24.170	-	-	-	-	-	-	478	(38.757) ^(*)	-	(14.109)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.388	4.580	(133.968)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.388	(129.388)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	133.968	(133.968)	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	870.146 ^(†)	248.847	(16.807)	-	68.684	(32.491)	-	1.430.833	(231.145)	49.716	3.287.783

^(†) The bank has recognized unmatured additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

^(*) The Bank has paid TL 54.928 in February 2019, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss".

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains/ (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
PRIOR PERIOD (January 1 - June 30, 2018)															
I. Closing balance	(V)	900.000	-	-	431	238.121	(14.925)	-	20.689	(18.886)	-	1.113.454	5.529	237.093	2.481.506
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(152.480) ^(*)	-	(152.480)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(152.480)	-	(152.480)
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	431	238.121	(14.925)	-	20.689	(18.886)	-	1.113.454	(146.951)	237.093	2.329.026
IV. Total Comprehensive Income		-	-	-	-	(5.059)	-	-	19.832	(24.719)	-	-	-	196.181	186.235
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	775.720 ^(**)	-	-	-	-	-	-	-	-	-	775.720
X. Others Changes		-	-	-	37.398	-	-	-	-	-	-	-	(1.849)	-	35.549
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	187.513	4.580	(237.093)	(45.000)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(45.000)	-	(45.000)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	187.513	(187.513)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	237.093	(237.093)	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	813.549	233.062	(14.925)	-	40.521	(43.605)	-	1.300.967	(144.220)	196.181	3.281.530

^(*) Includes deferred tax asset for general provisions arising from equity and banks shares amounting to TL 64.991 recognized under shareholders' equity for TFRS 9 adjustment. The adjustments have been done in the unconsolidated statement of changes in shareholders' equity as of December 31, 2018 (under prior periods' profit/loss and profit reserves) and related adjustments have been reflected in unconsolidated statement of changes in shareholders' equity as of June 30, 2018.

^(**) The bank has recognized unmatured additional tier 1 capital amounting to USD 205.000.000 which is issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains/ (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2019	PRIOR PERIOD January 1- June 30, 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		684.742	825.957
1.1.1 Profit Share Income Received		1.452.809	1.290.519
1.1.2 Profit Share Expense Paid		(796.754)	(613.081)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		132.210	74.420
1.1.5 Other Income		131.544	176.063
1.1.6 Collections from Previously Written Off Loans		147.776	100.066
1.1.7 Payments to Personnel and Service Suppliers		(435.181)	(361.344)
1.1.8 Taxes Paid		(24.346)	(58.298)
1.1.9 Others		76.684	217.612
1.2 Changes In Operating Assets And Liabilities		1.939.990	(920.524)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(457.815)	75.672
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		1.997.584	(1.408.687)
1.2.3 Net (Increase) Decrease in Loans		(1.690.250)	(1.244.602)
1.2.4 Net (Increase) Decrease in Other Assets		401.146	(414.664)
1.2.5 Net Increase (Decrease) in Bank Deposits		618.739	339.127
1.2.6 Net Increase (Decrease) in Other Deposits		3.234.970	802.919
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		(2.164.384)	929.711
I. Net Cash Flow From Banking Operations		2.624.732	(94.567)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1.928.996)	210.110
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(5.879)	(3.540)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(24.651)	(31.309)
2.4 Disposals of Property and Equipment		44.773	56.964
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.501.432)	(259.115)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		357.642	467.110
2.7 Purchase of Financial Assets Measured at Amortised Cost		(931.449)	(20.000)
2.8 Sale of Financial Assets Measured at Amortised Cost		132.000	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(3.538.392)	1.143.464
3.1 Cash Obtained from Funds Borrowed and Securities Issued		11.014.071	9.636.017
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(14.497.535)	(9.223.273)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	(45.000)
3.5 Payments for Finance Leases		-	-
3.6 Other		(54.928)	775.720
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		121.825	220.163
V. Net (Decrease) Increase in Cash and Cash Equivalents		(2.720.831)	1.479.170
VI. Cash and Cash Equivalents at the Beginning of the Period		7.108.571	2.889.723
VII. Cash and Cash Equivalents at the End of the Period		4.387.740	4.368.893

The accompanying explanations and notes are an integral part of these financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019

(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Safeguarding of Documents:

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and revalued real estates carried at fair value.

b. Additional paragraph for convenience translation:

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the preparation of financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS.

The Bank has started to apply TFRS 16 Leases standard ("TFRS 16") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying financial statements from 1 January 2019.

Reclassifications of TFRS 16

Reclassifications and remeasurements during the first time application of TFRS 16 Leases Standard dated 1 January 2019 are presented in the below table.

	Note	31.12.2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	01.01.2019
Tangible Assets (Net)	(1), (2)	655.449	1.656	286.124	943.229
Other Assets (Net)	(2)	403.722	(1.656)		402.066
Lease Payables (Net)	(1), (3)	-	-	286.124	286.124

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations on basis of presentation (continued):

(1) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 286.124 as of 1 January 2019 for leases previously classified as operating lease applying TAS 17.

(2) In accordance with TFRS 16, the Bank recognised prepaid rent payments amounting to TL 1.656 under tangible assets as right-of-use which were previously classified under other assets.

(3) As of 1 January 2019, the weighted average of the alternative borrowing rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 23%, 5% and 5% respectively.

The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes.

d. Restatement of the financial statements according to the current purchasing power of money:

Accompanying financial statements are subjected to TAS 29 "Financial Reporting in Hyperinflationary Economies until December 31, 2004 and with regard to this the BRSA explained with its decision numbered 1623 and dated April 21, 2005 and its circular dated April 28, 2005 that the conditions for applying inflation accounting was no longer applicable and accordingly inflation accounting has not been applied in the accompanying financial statements starting from January 1, 2005.

II. Explanations on strategy of using financial instruments and foreign currency transactions:

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Bank. Gains or losses arising from foreign currency transactions and translation of foreign currency assets and liabilities are reflected in the income statement as foreign exchange gain or loss.

If the loans recognized in the foreign currency accounts are switched to non performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branches of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Bank, generally, consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

IV. Explanations on profit share income and expenses:

Profit share income

Profit share income is accounted in accordance with the internal rate of return method, which is equal to the net present value of the future cash flows of the financial asset determined in TFRS 9 and reflected to the accrual basis.

Profit-loss Investment projects are recognized under the "Loans" account in the balance sheet. Profit and loss investment projects are subject to valuation periodically every year and positive differences related to valuation are represented under "Profit Share on Loans". Negative ones are represented under "Expected Credit Losses" account.

The Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

The Bank records profit share expenses on accrual basis. The profit share expense accrual calculated in accordance with the unit value method on profit sharing accounts has been included under the account "Funds Collected" in the balance sheet.

V. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction. The commissions and fees other than those whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

In accordance with provisions of TAS and TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account "Unearned Revenues" and included in "Other Liabilities" in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Bank records the related cash and non-cash loans commissions directly as income.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three: "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

On which category financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model:

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Bank's business models are divided into three categories. These categories are defined below:

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Bank recognizes profit and loss investments under "loans" as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions.

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NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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VI. Explanations on financial assets (continued):

Financial assets at fair value through other comprehensive income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are accounted for at fair value when they are traded in an organized market and/or the fair value can be reliably measured and these financial assets are not subject to expected losses recognition.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows within the scope of business model where those cash flows represent solely payments of principal and profit share on certain dates are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are non-derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

The Bank's all loans except profit and loss investments are recorded under the "Measured at Amortized Cost" account. As per BRSA uniform chart of accounts, the bank recognizes profit and loss investments under "loans" and considering TFRS 9 provisions, measures them at fair value.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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VI. Explanations on financial assets (continued):

Loans (continued):

Granted cash loans are accounted by using the relevant accounts in accordance with the principles set out in the "Uniform Chart of Accounts to be Applied by the Participation Banks" and published in the Official Gazette dated September 20, 2017 and numbered 30186.

The Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

VII. Explanations on expected credit losses:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor, which adjust the potential increase of the exposure between the current date and the default date.

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VII. Explanations on expected credit losses (continued):

12 Month Expected Credit Losses (Stage 1)

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant Increase in Credit Risk (Stage 2)

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Bank classifies financial assets as Level 2 by considering the following criteria:

- Loans with a delay over 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the bank will make in this case
- The Bank management's conclusion that there is significant increase in credit risk. At this point, the Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Bank's internal procedures, the related financial asset is evaluated as default:

- Loans past 90 days from the last installment date (In this case, default status starts on the 91st day.)
- Loans classified as "performing loans" after restructuring and 30 days overdue in one year observation period (In this case, default status starts on the 31st day)
- Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period.

VIII. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Bank which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

IX. Explanations on sale and repurchase agreements and lending of securities:

Securities subject to repurchase agreement are classified as "Financial Assets Measured at Fair Value through Profit/Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

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X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets:

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

The Bank has assets that are possessed due to receivables and debtors' obligations to the Bank and classified as assets held for sale. In the case that the Bank has not disposed of such assets within a year of receipt or failed to produce a solid plan for sale of the assets, they are reclassified as fixed assets and are amortized. The Bank transfers such assets from assets held for sale and discontinued operations to tangible assets.

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has not any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is provided.

XII. Explanations on tangible assets:

The cost of the tangible assets purchased before December 31, 2004 have been restated by inflationary index from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs. Tangible assets are recorded at cost less accumulated depreciation and provision for impairment, if any in compliance with the TAS 16 "Turkish Accounting Standards for Tangible Assets" in the financial statements.

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2018, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

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XII. Explanations on tangible assets (continued):

Depreciation is calculated on a straight-line basis. Depreciation rates used are determined by considering the estimated economic useful life of the assets. The annual rates used are as follows:

	Depreciation Rate (%)
Buildings	2
Motor vehicles	20 – 25
Furniture, fixture and office equipment	4 – 33
Safe-deposit boxes	2 – 20
Operational lease improvement costs (Leasehold improvements)	Leasing period – 5 years
Leased assets	1- 10 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year-end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance with TAS 36 “Turkish Accounting Standard for Impairment of Assets” and if the recoverable amount is less than its carrying value, provides for an impairment loss.

Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

Gain or loss resulting from disposals of the tangible assets is calculated as the difference between the net proceeds from the sale and the net book value of the related asset.

The repair and maintenance costs of the tangible assets are capitalized, if the expenditure increases the economic life of the asset. Other repair and maintenance costs are expensed.

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

XIII. Explanations on leasing transactions:

Assets acquired under finance lease contracts are recorded both as an asset and as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined.

The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

With the “TFRS 16 Leases” standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under “Tangible Fixed Assets” as an asset (tenure) and under “Lease Payables” as a liability. The Bank has not adjusted its prior periods’ financial statements for TFRS 16.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting continues almost the same.

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XIII. Explanations on leasing transactions (continued):

The Bank has the exemption for not applying this standard to short-term leasings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate. If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately.

Right to use asset:

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank and

When applying the cost method, the existence of the right to use:

- Accumulated depreciation and accumulated impairment losses are deducted and
- Measures the restatement of the lease obligation at the restated cost.

While The Bank is depreciating the right-to-use asset, it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard

The lease liabilities:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate. If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed.

The profit rate on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit rate to the remaining balance of the lease liability.

XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the general and specific provisions for impairment on loans, are accounted in accordance with TAS 37: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets". Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle. A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

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XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income. As of June 30, 2019, there is an actuarial loss amounts to TL 21.548 before deferred tax calculation (December 31, 2018: TL 21.548 actuarial loss).

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

ii) *Defined contribution plans:*

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Bank has not any further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

iii) *Short term benefits to employees:*

In accordance with TAS 19, Bank measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVI. Explanations on taxation:

Current tax:

The Bank is subject to tax laws and legislation effective in Turkey.

While the corporate tax rate was at the rate of 20% since January 1, 2006, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

Dividends paid to the resident institutions are not subject to withholding tax in Turkey. Withholding tax rate on the dividend payments other than these is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

The prepaid taxes are calculated based on quarterly profits of the Bank using current rate which must be announced by the 14th day and paid by the 17th day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and a 50% portion of the capital gains derived from the sale of immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Bank is exempt from corporate tax and income tax withholding.

XVI. Explanations on taxation (continued):

Current tax (continued):

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns to their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Bank. As of report date, there is no information or written report transmitted to the Bank.

Deferred tax:

The Bank calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with TAS 12 "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

Deferred tax liabilities are calculated for all of the temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing:

Transfer pricing is regulated through the article 13 of Corporate Tax Law titled "Disguised Profit Distribution by way of Transfer Pricing". Detailed information for the practice regarding the subject is found in the "General Communiqué on Disguised Profit Distribution by way of Transfer Pricing".

According to the related regulation, in the case of making purchase or sales of goods or services with related persons/corporations at a price that is determined against "the arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not deductible in calculation of corporate tax.

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XVII. Additional explanations on borrowings:

The Bank accounts its debt instruments in accordance with TFRS 9 “Financial Instruments”. In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Bank. The Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

Additional tier 1 capital borrowings:

Unmatured sukuk transaction in foreign currency is issued and included in the additional capital account by the Bank’s structured entity “Bereket One Ltd”. Stated transaction evaluated as non-monetary item and accounted over historical cost under equities in the “other capital reserves” accordance with TAS 32.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XX. Explanations on government grants:

As of the balance sheet date, there are no government grants received by the Bank.

XXI. Explanations on segment reporting:

Business segment is a component of the Bank that engages in business activities from which the Bank may earn revenues and incur expenses, whose operating results are regularly reviewed by the Bank’s chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial available.

Segment reporting is disclosed in Section Four, Note X.

XXII. Explanations on investments in associates, subsidiaries and joint ventures:

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

XXIII. Explanations on other matters:

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements formats have been rearranged. Based on this amendment, the prior year financial statements have been restated in order to be comparable with the current period financial statements.

The adjustments have been done in the unconsolidated statement of changes in shareholders’ equity as of December 31, 2018 (under prior periods’ profit/loss and profit reserves) and related adjustments have been reflected in unconsolidated statement of changes in shareholders’ equity as of June 30, 2018.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of June 30, 2019, the Bank's total capital has been calculated as TL 4.543.449 and capital adequacy standard ratio is 13,83%. As of December 31, 2018, Bank's total capital amounted to TL 4.713.984 and capital adequacy ratio was 14,66%. The Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

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I. Explanations on capital adequacy standard ratio (continued):

a. Information on capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	900.000
Share issue premiums	-	-
Reserves	1.199.688	1.121.303
Gains recognized in equity as per TAS	411.957	378.834
Profit	49.716	133.968
Current Period Profit	49.716	133.968
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	2.561.361	2.534.105
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	49.298	48.374
Improvement costs for operating leasing	26.854	23.998
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	32.809	29.613
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	220.412	101.985
Total Common Equity Tier 1 Capital	2.340.949	2.432.120

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I. Explanations on capital adequacy standard ratio (continued):

a. Information on capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7. Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.116.669	3.207.840
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.304.020	1.193.054
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	125.608	315.773
Tier II Capital Before Deductions	1.429.628	1.508.827
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	1.789	1.491
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	1.789	1.491
Total Tier II Capital	1.427.839	1.507.336
Total Capital (The sum of Tier I Capital and Tier II Capital)	4.544.508	4.715.176
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	1.059	1.192

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I. Explanations on capital adequacy standard ratio (continued):

a. Information on capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	4.543.449	4.713.984
Total risk weighted amounts	32.855.847	32.150.785
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	7,12	7,56
Tier 1 Capital Adequacy Ratio (%)	9,49	9,98
Capital Adequacy Ratio (%)	13,83	14,66
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	1,88
a) Capital conservation buffer requirement (%)	2,50	1,88
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2,62	3,06
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	219.070	203.784
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	125.608	315.773
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	125.608	315.773
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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I. Explanations on capital adequacy standard ratio (continued):

b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.302.231	TL 775.720 ⁽¹⁾
Par Value of Instrument	TL 1.304.020	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval, it is convertible and the rate may be determined.	As per BRSA approval, it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

⁽¹⁾ Represented as historical cost

c. Information on reconciliation of total capital and equity

The difference between Total Capital and Equity in the unconsolidated balance sheet mainly arises from Stage 1 and Stage 2 expected credit losses, debt instruments, and share issue premiums deemed suitable by the BRSA. In the calculation of Total Capital, Stage 1 and Stage 2 expected credit losses up to 1,25% of the credit risk is taken into consideration as Tier II Capital. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and their related deferred tax liabilities and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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II. Explanations on credit risk:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

III. Explanations on currency risk:

Foreign currency risk arises from the Bank's possible exposure to the changes in foreign currencies.

- a. The Bank is exposed to currency risks as a market risk and tries to balance the currency risks by avoiding to keep any long or short positions. The currency risk of the Bank is monitored on a daily basis. Net foreign currency position/shareholders' equity ratio is also controlled on a daily basis. All foreign currency assets, liabilities and foreign currency forward transactions are taken into consideration while capital requirement to be employed for foreign currency risk is calculated. Standard Method used in legal reporting and amount subject to risk is calculated on a monthly basis.
- b. The Bank does not have any derivative financial instruments held for hedging purposes.
- c. As a result of the uncertainty and volatility in the markets, foreign currency position is kept at a balance, and accordingly, no currency risk is anticipated. The Bank takes necessary measures to keep the currency risk at a minimum level.
- ç Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of June 30, 2019 - Balance sheet evaluation rate	5,770	6,572
As of June 28, 2019	5,770	6,572
As of June 27, 2019	5,753	6,541
As of June 26, 2019	5,764	6,551
As of June 25, 2019	5,745	6,542
As of June 24, 2019	5,785	6,589

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 5,801 for 1 USD (December 2018: TL 5,293), TL 6,545 for 1 EUR (December 2018: TL 6,023). The Bank is mainly exposed to EUR and USD currency risks.

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III. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.987.049	2.870.145	1.085.429	5.942.623
Banks	384.600	798.686	543.440	1.726.726
Financial assets at fair value through profit and loss ^(**)	-	7.797	261.611	269.408
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	164.628	1.198.760	-	1.363.388
Loans and financial lease receivables ^(***)	5.432.722	10.104.719	237	15.537.678
Subsidiaries, associates and joint ventures	11.786	-	-	11.786
Financial Assets Measured at Amortised Cost	592.938	294.842	-	887.780
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	8.551	8.551
Intangible assets	-	-	-	-
Other assets ^(****)	4.277	11.446	3.403	19.126
Total assets	8.578.000	15.286.395	1.902.671	25.767.066
Liabilities				
Current account and funds collected from banks via participation accounts	1.703.207	274.831	12.660	1.990.698
Other current and profit sharing accounts	5.517.946	12.469.814	1.794.881	19.782.641
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.174.726	1.668.020	-	2.842.746
Marketable securities issued	-	-	-	-
Miscellaneous payables	40.660	81.445	5.865	127.970
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	158	2.619	447	3.224
Total liabilities	8.436.697	14.496.729	1.813.853	24.747.279
Net balance sheet position	141.303	789.666	88.818	1.019.787
Net off balance sheet position	(58.573)	244.021	(15.929)	169.519
Derivative financial instruments assets ^(*****)	28.259	645.002	9.519	682.780
Derivative financial instruments liabilities ^(*****)	86.832	400.981	25.448	513.261
Non-cash loans ^(*****)	1.930.221	3.329.501	66.060	5.325.782
Prior Period				
Total assets	7.049.235	15.797.918	1.555.938	24.403.091
Total liabilities	6.944.541	14.687.502	1.512.121	23.144.164
Net balance sheet position	104.694	1.110.416	43.817	1.258.927
Net off balance sheet position	(76.683)	187.681	(22.448)	88.550
Derivative financial instruments assets	19.925	304.028	9.188	333.141
Derivative financial instruments liabilities	96.608	116.347	31.636	244.591
Non-cash loans ^(*****)	1.741.130	3.579.066	69.666	5.389.862

(*) TL 1.063.117 (December 31, 2018: TL 1.010.111) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 333.950 (December 31, 2018: TL 408.766) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 1.651.104 (December 31, 2018: TL 1.421.400) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 2.654.394 (December 31, 2018: TL 3.883.893).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.926 (December 31, 2018: TL 1.863) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 104.961 (December 31, 2018: TL 95.585) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 464.756 (December 31, 2018: TL 219.495).

(***** Does not have any effect on the net off-balance sheet position.

Other issues related to currency risk:

Since the bank has issued unmatured additional Tier 1 capital amount to USD 205.000.000 (historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", related amount is not included in the above table.

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IV. Explanations on position risk of equity securities in banking book:

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul. “Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu” and “Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu” which are managed and founded by Albaraka Portföy Yönetimi A.Ş. are traded in Borsa İstanbul under qualified trading market. Albaraka Portföy Yönetimi A.Ş. is the subsidiary of the Bank.

V. Explanations on liquidity risk:

Liquidity Risk is managed by Asset and Liability Committee (“ALCO”) in line with risk management policies and risk appetite approved by the Board of Directors in order to take the necessary measures in a timely and correct manner against possible liquidity shortages that may result from market conditions and balance sheet structure of the Bank. Under stressed conditions, liquidity risk is managed within the Contingency Funding Plan framework.

The Board of Directors reviews the liquidity risk management strategy, policy and practices and approves the liquidity strategy and policies within the framework of risk management strategy and policies, ensures the effective of practice of policies and integrations with Bank’s risk management strategy. The Board of Directors determines the basic metrics in liquidity risk measurement and monitoring. The Board of Directors establishes risk appetite of the Bank in liquidity risk management and identifies the risk limits in accordance with the risk appetite and reviews it regularly.

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank’s strategy and conditions of competition and pursues the implementations.

Risk Management Department defines the Bank’s liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank’s risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Bank’s funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing (“FTP”) committee. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk, management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank’s funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework.

There exists “Liquidity Risk Management Contingency Funding Plan” in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators in each stress.

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			7.212.653	5.788.841
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	19.286.492	11.945.905	1.761.335	1.194.591
3	Stable Funds Collected	3.346.269	-	167.313	-
4	Less stable Funds Collected	15.940.223	11.945.905	1.594.022	1.194.591
5	Unsecured Funding other than Retail and Small Business Customers Deposits	10.621.352	7.509.352	6.202.557	3.997.251
6	Operational Funds Collected	707.295	698.464	176.824	174.616
7	Non-Operational Funds Collected	3.648.269	2.406.338	2.002.656	1.426.206
8	Other Unsecured Funding	6.265.788	4.404.550	4.023.077	2.396.429
9	Secured funding			-	-
10	Other Cash Outflows	3.170.590	2.518.761	3.170.590	2.518.761
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.170.590	2.518.761	3.170.590	2.518.761
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.835.246	5.202.678	980.203	584.455
16	TOTAL CASH OUTFLOWS			12.114.685	8.295.058
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	8.183.029	5.695.472	6.683.055	4.927.544
19	Other contractual cash inflows	3.209.547	3.109.482	3.209.547	3.109.482
20	TOTAL CASH INFLOWS	11.392.576	8.804.954	9.892.602	8.037.026
				Upper limit applied amounts	
21	TOTAL HQLA			7.212.653	5.788.841
22	TOTAL NET CASH OUTFLOWS			3.028.671	2.073.765
23	Liquidity Coverage Ratio (%)			238,15	279,15

(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months are as follows:

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	178,33	194,36
Date	April 1, 2019	April 1, 2019
Highest	361,47	507,49
Date	June 25, 2019	June 25, 2019
Average	238,15	279,15

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Prior period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.970.290	4.591.891
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	17.431.572	9.462.443	1.569.097	946.244
3	Stable Funds Collected	3.481.210	-	174.061	-
4	Less stable Funds Collected	13.950.362	9.462.443	1.395.036	946.244
5	Unsecured Funding other than Retail and Small Business Customers Deposits	8.379.233	5.840.812	5.042.445	3.321.592
6	Operational Funds Collected	507.248	498.580	126.812	124.645
7	Non-Operational Funds Collected	3.098.561	2.103.145	1.723.776	1.266.782
8	Other Unsecured Funding	4.773.424	3.239.087	3.191.857	1.930.165
9	Secured funding			-	-
10	Other Cash Outflows	1.976.996	1.458.469	1.976.996	1.458.469
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.976.996	1.458.469	1.976.996	1.458.469
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.802.744	5.093.308	933.539	532.482
16	TOTAL CASH OUTFLOWS			9.522.077	6.258.787
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.408.350	4.162.020	5.408.353	3.850.492
19	Other contractual cash inflows	2.057.731	1.907.038	2.057.731	1.907.038
20	TOTAL CASH INFLOWS	8.466.081	6.069.058	7.466.084	5.757.530
				Upper limit applied amounts	
21	TOTAL HQLA			5.970.290	4.591.891
22	TOTAL NET CASH OUTFLOWS			2.380.519	1.564.697
23	Liquidity Coverage Ratio (%)			250,80	293,47

(*) Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2018 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	246,14	195,23
Date	October 31, 2018	November 4, 2018
Highest	395,02	304,40
Date	December 31, 2018	December 31, 2018
Average	250,80	293,47

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in 30 days maturity. Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, banks receivables, funds collected, funds borrowed. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets and net cash outflows.

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 8,27% cash, 69,06% deposits in central banks and 22,67% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 84,23% funds collected, 15,77% funds borrowed, borrowings from money market and subordinated loans.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Liquidity risk of the bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Bank.

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(****)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.744.621	3.603.198	-	-	-	-	-	6.347.819
Banks	1.679.954	852.189	105.192	-	-	-	-	2.637.335
Financial Assets at Fair Value Through Profit and Loss ^(*)	442.469	7.062	1.496	258	261.093	903.637	-	1.616.015
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	25.202	123.991	78.943	178.918	1.579.019	76.086	-	2.062.159
Loans ^(**)	-	2.250.351	1.839.634	9.380.695	11.898.326	1.377.528	1.024.341	27.770.875
Financial Assets Measured at Amortised Cost	-	59.868	15.698	618.826	740.609	-	-	1.435.001
Other Assets	-	394	645	4.691	89.572	213.769	1.707.465	2.016.536
Total Assets	4.892.246	6.897.053	2.041.608	10.183.388	14.568.619	2.571.020	2.731.806	43.885.740
Liabilities								
Current account and funds collected from banks via participation accounts	740.892	908.345	328.077	29.584	-	-	-	2.006.898
Other current and profit sharing accounts	10.081.249	18.358.402	1.216.510	1.336.815	45.324	-	-	31.038.300
Funds provided from other financial institutions and subordinated loans	-	1.257.187	1.770.782	841.995	120.938	1.304.020	-	5.294.922
Money Market Borrowings	-	890.635	-	-	-	-	-	890.635
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	314.392	69.023	18.828	9	-	488.956	891.208
Other liabilities	775.720	-	94	2.354	80.627	204.542	2.700.440	3.763.777
Total Liabilities	11.597.861	21.728.961	3.384.486	2.229.576	246.898	1.508.562	3.189.396	43.885.740
Net Liquidity Gap	(6.705.615)	(14.831.908)	(1.342.878)	7.953.812	14.321.721	1.062.458	(457.590)	-
Net Off-balance sheet								
Position	-	(3.926)	624	3.295	-	-	-	(7)
Financial Derivative Assets	-	582.783	13.809	33.789	-	-	-	630.381
Financial Derivative Liabilities	-	586.709	13.185	30.494	-	-	-	630.388
Non-cash Loans	5.731.445	218.990	624.586	2.387.344	995.612	30.402	-	9.988.379
Prior period								
Total Assets	7.624.657	5.878.297	2.766.962	8.130.163	13.085.453	2.169.942	2.568.178	42.223.652
Total Liabilities	9.504.353	17.908.475	4.535.370	5.298.311	182.369	1.193.054	3.601.720	42.223.652
Net Liquidity Gap	(1.879.696)	(12.030.178)	(1.768.408)	2.831.852	12.903.084	976.888	(1.033.542)	-
Net Off-balance sheet								
Position	-	(1.874)	557	1.743	-	-	-	426
Financial Derivative Assets	-	243.502	5.132	16.551	-	-	-	265.185
Financial Derivative Liabilities	-	245.376	4.575	14.808	-	-	-	264.759
Non-cash Loans	5.839.023	306.875	476.050	2.328.330	1.052.607	42.812	-	10.045.697

(*) Derivative financial instruments are included.

(**) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans.

(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(****) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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VI. Explanations on leverage ratio:

As of June 30, 2019, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,46% (December 31, 2018: 6,19%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is the high rate of increase in average risk amount.

		Current Period^(*)	Prior Period^(*)
	Balance sheet assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	44.988.523	42.145.699
2	(Assets deducted from Core capital)	(61.456)	(52.400)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	44.927.067	42.093.299
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.804	6.944
5	Potential credit risk amount of derivative financial assets and credit derivatives	14.061	12.645
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	15.865	19.589
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	340.472	254.130
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	340.472	254.130
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	12.214.142	11.972.692
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.214.142	11.972.692
	Capital and total risk		
13	Core Capital	3.141.949	3.362.216
14	Total risk amount(sum of lines 3, 6, 9 and 12)	57.497.546	54.339.710
	Leverage ratio		
15	Leverage ratio (%)	5,46	6,19

(*) The arithmetic average for the last three months in the related periods.

VII. Explanations on presentation of financial assets and liabilities at fair value:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VIII. Explanations regarding the activities carried out on behalf and account of other persons:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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IX. Explanations on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Risk management strategy and weighted amounts:

a.1. Risk management strategy:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	26.011.731	26.042.440	2.080.938
2	Standardised approach (SA)	26.011.731	26.042.440	2.080.938
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	9.315	5.806	745
5	Standardised approach for counterparty credit risk (SA-CCR)	9.315	5.806	745
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models	-	-	-
8	equity position in the banking account	-	-	-
9	Investments made in collective investment companies – look-through approach	-	-	-
10	Investments made in collective investment companies – mandate-based approach	-	-	-
11	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
12	Settlement risk	-	-	-
13	Securitization positions in banking accounts	-	-	-
14	IRB ratings-based approach (RBA)	-	-	-
15	IRB Supervisory Formula Approach (SFA)	-	-	-
16	SA/simplified supervisory formula approach (SSFA)	-	-	-
17	Market risk	4.212.688	3.800.396	337.015
18	Standardised approach (SA)	4.212.688	3.800.396	337.015
19	Internal model approaches (IMM)	-	-	-
20	Operational Risk	2.622.113	2.302.143	209.769
21	Basic Indicator Approach	2.622.113	2.302.143	209.769
22	Standard Approach	-	-	-
23	Advanced measurement approach	-	-	-
24	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	32.855.847	32.150.785	2.628.467

b. Financial statements and regulatory exposures reconciliation:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

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IX. Explanations on risk management (continued):

c. Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.128.229	27.021.387	1.378.741	27.770.875
2 Debt securities	-	3.777.896	35.843	3.742.053
3 Off-balance sheet exposures	64.236	12.427.841	17.123	12.474.954
4 Total	2.192.465	43.227.124	1.431.707	43.987.882

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.888.547	25.600.281	1.303.839	26.184.989
2 Debt securities	-	1.864.856	37.264	1.827.592
3 Off-balance sheet exposures	61.827	11.852.255	3.037	11.911.045
4 Total	1.950.374	39.317.392	1.344.140	39.923.626

c.1.3. Changes in stock of default loans and debt securities:

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	1.950.374	1.261.895
2 Loans and debt securities that have defaulted since the last reporting period	468.568	1.388.090
3 Receivables back to non-defaulted status	81.110	-
4 Amounts written off	-	242.105
5 Other changes	145.367	457.506
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	2.192.465	1.950.374

c.1.4. Additional information on credit quality of assets:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on credit risk mitigation techniques:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

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IX. Explanations on risk management (continued):

c.2.2 Credit risk mitigation techniques :

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	20.167.493	7.603.382	5.042.810	983.381	347.567	-	-
2	Debt securities	3.742.053	-	-	-	-	-	-
3	Total	23.909.546	7.603.382	5.042.810	983.381	347.567	-	-
4	Of which defaulted	796.479	227.862	165.304	3.003	648	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	19.193.921	6.991.068	4.889.638	910.075	292.353	-	-
2	Debt securities	1.827.592	-	-	-	-	-	-
3	Total	21.021.513	6.991.068	4.889.638	910.075	292.353	-	-
4	Of which defaulted	808.212	186.850	133.016	2.415	785	-	-

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IX. Explanations on risk management (continued):

c.3. Credit risk under standardised approach:

c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

c.3.2. Credit risk exposure and credit risk mitigation techniques:

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes							
1	Receivables from central governments or central banks	6.902.969	1.469	7.579.728	557	1.011.778	%13,35
2	Receivables from regional or local governments	30	-	5.208	-	15	%0,29
3	Receivables from administrative units and non-commercial enterprises	84.196	26.896	84.196	11.188	94.006	%98,56
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	2.791.739	427.695	2.824.894	356.743	1.373.771	%43,18
7	Receivables from corporates	12.726.121	6.289.020	12.507.120	3.973.356	16.216.053	%98,40
8	Retail receivables	3.510.122	4.138.062	3.018.298	1.591.088	3.379.645	%73,32
9	Receivables secured by mortgages on property	254.391	56.372	251.968	27.716	101.355	%36,24
10	Receivables secured by mortgages on commercial property	2.254.078	603.072	2.254.078	347.821	1.351.271	%51,93
11	Past due receivables	545.078	-	543.234	-	568.503	%104,65
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	7.197	-	7.197	-	7.197	%100,00
16	Other receivables	3.494.995	9.475	3.494.995	1.895	1.841.736	%52,67
17	Equity share investments	66.401	-	66.401	-	66.401	%100,00
18	Total	32.637.317	11.552.061	32.637.317	6.310.364	26.011.731	%66,79

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IX. Explanations on risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	4.967.514	1.631	5.664.004	159.633	175.329	%3,01
2 Receivables from regional or local governments	15	-	7.095	616	8	%0,10
3 Receivables from administrative units and non-commercial enterprises	114.858	31.888	114.858	13.826	126.626	%98,40
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	5.412.220	390.497	5.412.728	327.655	2.735.128	%47,65
7 Receivables from corporates	11.941.478	6.751.114	11.743.363	4.257.180	15.774.563	%98,59
8 Retail receivables	3.786.448	3.590.042	3.284.338	1.277.059	3.362.413	%73,71
9 Receivables secured by mortgages on property	406.959	60.506	404.054	28.435	155.542	%35,96
10 Receivables secured by mortgages on commercial property	1.947.063	602056	1.947.063	384.769	1.201.354	%51,52
11 Past due receivables	599.504	-	598.556	-	668.571	%111,70
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-
16 Other receivables	3.621.898	6.906	3.621.898	1.381	1.789.692	%49,39
17 Equity share investments	53.214	-	53.214	-	53.214	%100,00
18 Total	32.851.171	11.434.640	32.851.171	6.450.554	26.042.440	%66,26

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IX. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period		35% secured by										Total risk amount (post-CCF and CRM)
Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others		
1	Receivables from central governments or central banks	5.345.669	-	-	-	2.234.458	-	158	-	-	-	7.580.285
2	Receivables from regional or local governments	-	-	-	-	5.208	-	-	-	-	-	5.208
3	Receivables from administrative units and non-commercial enterprises	1.368	-	13	-	-	-	94.003	-	-	-	95.384
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	7.771	-	1.628.540	-	961.371	-	583.955	-	-	-	3.181.637
7	Receivables from corporates	145.374	-	68.244	-	282.052	-	15.984.806	-	-	-	16.480.476
8	Retail receivables	112.548	-	74.632	-	-	4.422.206	-	-	-	-	4.609.386
9	Receivables secured by mortgages on property	1.373	-	554	266.227	6.929	-	4.601	-	-	-	279.684
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.501.255	-	100.644	-	-	-	2.601.899
11	Past due receivables	406	-	14	-	164.307	-	163.109	215.398	-	-	543.234
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	7.197	-	-	-	7.197
16	Other receivables	1.106.832	-	685.402	-	-	-	1.704.656	-	-	-	3.496.890
17	Equity share investments	-	-	-	-	-	-	66.401	-	-	-	66.401
18	Total	6.721.341	-	2.457.399	266.227	6.155.580	4.422.206	18.709.530	215.398	-	-	38.947.681

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IX. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period		35% secured by										Total risk amount (post-CCF and CRM)
Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others		
1	Receivables from central governments or central banks	5.236.615	-	33	-	586.844	-	145	-	-	-	5.823.637
2	Receivables from regional or local governments	-	-	-	-	7.711	-	-	-	-	-	7.711
3	Receivables from administrative units and non-commercial enterprises	2.048	-	12	-	-	-	126.624	-	-	-	128.684
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	13.202	-	1.517.656	-	3.550.935	-	658.590	-	-	-	5.740.383
7	Receivables from corporates	149.904	-	94.688	-	158.682	-	15.597.269	-	-	-	16.000.543
8	Retail receivables	97.031	-	57.090	-	-	4.407.276	-	-	-	-	4.561.397
9	Receivables secured by mortgages on property	1.951	-	4.524	409.639	10.225	-	6.150	-	-	-	432.489
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.260.956	-	70.876	-	-	-	2.331.832
11	Past due receivables	276	-	200	-	149.505	-	158.166	290.409	-	-	598.556
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	1.168.733	-	831.067	-	-	-	1.623.479	-	-	-	3.623.279
17	Equity share investments	-	-	-	-	-	-	53.214	-	-	-	53.214
18	Total	6.669.760	-	2.505.270	409.639	6.724.858	4.407.276	18.294.513	290.409	-	-	39.301.725

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IX. Explanations on risk management (continued):

ç. Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	1.602	10.984		-	12.586	7.172
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						7.172

(*) Effective Expected Positive Exposure

Prior Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	1.844	5.038		-	6.882	4.624
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						4.624

(*) Effective Expected Positive Exposure

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IX. Explanations on risk management (continued):

ç.3. Capital requirement for credit valuation adjustment (CVA):

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-	-	-
1 (i) VaR component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital obligation	12.586	2.143	6.882	1.182
4 Total subject to the CVA capital obligation	12.586	2.143	6.882	1.182

ç.4. CCR exposures by risk class and risk weights:

Current Period										
Risk Weighted										
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ⁽¹⁾	
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.444	8.516	-	789	-	-	-	10.749
Receivables from corporates	-	-	-	-	-	1.837	-	-	-	1.837
Retail receivables	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	-	-	1.444	8.516	-	2.626	-	-	-	12.586

⁽¹⁾ Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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IX. Explanations on risk management (continued):

ç.4. CCR exposures by risk class and risk weights (continued):

Prior Period									
Risk Classes	Risk Weighted								Total credit exposure ⁽¹⁾
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	-	-	-	2.376	-	-	-	-	2.376
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	210	1.803	-	707	-	-	2.720
Receivables from corporates	-	-	-	-	-	1.786	-	-	1.786
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	210	4.179	-	2.493	-	-	6.882

⁽¹⁾ Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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IX. Explanations on risk management (continued):

ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	4.283	-	-	-	-
Total	-	4.283	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	18.740	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	18.740	-	-

ç.6. Information on the risks of the Bank arising from purchased or sold credit derivatives

The Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2018: None).

ç.7. Information on risks of the Bank arising from central counterparty

The Bank does not have any risks arising from central counterparty (December 31, 2018: None).

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization (December 31, 2018: None).

e. Market risk

e.1. Qualitative disclosure on market risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

e.2 Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products^(*)			
1	Profit rate risk (general and specific)	36.483	2.767
2	Equity risk (general and specific)	2.659.564	2.217.880
3	Foreign exchange risk	1.501.296	1.567.329
4	Commodity risk	15.345	12.420
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9 Total		4.212.688	3.800.396

^(*) Outright products refer to positions in products that are not optional.

f. Operational risk:

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

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X. Explanations on business segments:

The Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(362.590)	1.050.253	314.790	9.579	1.012.032
Operating Expenses	(324.491)	(572.556)	(44.404)	(6.221)	(947.672)
Operating Income/Expenses	(687.081)	477.697	270.386	3.358	64.360
Profit/(Loss) Before Tax	(687.081)	477.697	270.386	3.358	64.360
Tax Expense	-	-	-	(14.644)	(14.644)
Current Year Profit/(Loss)	(687.081)	477.697	270.386	(11.286)	49.716
Total Assets	2.388.108	26.341.261	12.641.049	2.515.322	43.885.740
Total Liabilities	21.482.557	12.977.720	6.149.276	3.276.187	43.885.740

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(265.604)	753.578	268.545	304.405	1.060.924
Operating Expenses	(111.571)	(408.926)	(41.913)	(254.755)	(817.165)
Operating Income/Expenses	(377.175)	344.652	226.632	49.650	243.759
Profit/(Loss) Before Tax	(377.175)	344.652	226.632	49.650	243.759
Tax Expense	-	-	-	(47.578)	(47.578)
Current Year Profit/(Loss)	(377.175)	344.652	226.632	2.072	196.181
Total Assets	2.647.172	24.265.102	12.449.011	2.862.367	42.223.652
Total Liabilities	18.778.877	11.484.813	8.726.896	3.233.066	42.223.652

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SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	112.739	673.895	143.580	679.886
CBRT	241.800	4.488.010	284.244	3.807.930
Other ^(*)	50.755	780.718	81.896	920.845
Total	405.294	5.942.623	509.720	5.408.661

^(*) Includes precious metals amounting to TL 146.071 (December 31, 2018: TL 171.675) and cash in transit amounting to TL 685.402 (December 31, 2018: TL 831.066) as of June 30, 2019.

b. Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	233.987	892.527	275.660	761.900
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	7.813	3.595.483	8.584	3.046.030
Total	241.800	4.488.010	284.244	3.807.930

^(*) As of June 30, 2019, the reserve requirement held in standard gold is TL 917.046 (December 2018: TL 838.436)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of June 30, 2019, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 21% depending on maturity of deposits.

The Central Bank of Republic of Turkey has started to pay income on TL reserves since November 2014 and on USD reserves, reserve options and unrestricted deposits since May 2015.

c.1. Information on bank

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	923.924	815.024	822.685	3.436.825
Abroad	-	911.702	-	957.537
Foreign head offices and branches	-	-	-	-
Total	923.924	1.726.726	822.685	4.394.362

^(*) Includes blockaged amount TL 861.176 (December 31, 2018: 800.457) booked under TL accounts arising from POS transactions.

c.2. Information on foreign bank accounts:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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- 1. Explanations and notes related to assets (continued):**
- 2. Financial assets measured at fair value through profit or loss:**

	Current Period	
	TL	FC
Investment fund participation certificates (net) ^(*)	1.344.317	-
Sukuk	864	269.408
Total	1.345.181	269.408

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

	Prior Period	
	TL	FC
Real estate investment fund participation certificates (net) ^(*)	1.108.940	-
Sukuk	1.566	6.741
Total	1.110.506	6.741

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and venture capital investment fund "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu"

- a. Information on financial assets measured at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:**

As of June 30, 2019, the nominal amount subject to repurchase agreements is TL 789.139 (December 31, 2018: TL 686.051).

As of June 30, 2019, the amount blocked/guaranteed is TL 884 (December 31, 2018: None).

- 3. Information on financial assets measured at fair value through other comprehensive income:**

- a. Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as a guarantee or blocked:**

As of June 30, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None).

As of June 30, 2019, guaranteed/blocked nominal amount is TL 350.665 (December 31, 2018: 425.917)

- b. Information on financial assets measured at fair value through other comprehensive income:**

	Current Period	Prior Period
Debt securities	2.072.752	1.246.349
Quoted on a stock exchange	2.072.752	1.246.349
Unquoted	-	-
Investment Funds	7.197	6.761
Quoted on a stock exchange	-	-
Unquoted	7.197	6.761
Share certificates	18.016	13.470
Quoted on a stock exchange	13.748	9.562
Unquoted	4.268	3.908
Impairment provision (-)	35.806	37.058
Total	2.062.159	1.229.522

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I. Explanations and notes related to assets (continued):

4. Information on financial assets measured at amortised cost:

a) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of June 30, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None)

As of June 30, 2019, there is not any amount blocked/guaranteed. (December 31, 2018: None)

b) Information on related to government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	1.374.259	618.506
Total	1.374.259	618.506

^(*) Consists of sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	1.435.001	618.506
Quoted on a stock exchange	1.435.001	618.506
Unquoted	-	-
Impairment provision (-)	-	-
Total	1.435.001	618.506

ç) Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	618.506	532.803
Foreign currency differences on monetary assets	1.977	-
Purchases during period ^(*)	931.449	187.962
Disposals through sales and redemptions ^(*)	(132.000)	(142.329)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	15.069	40.070
Closing balance	1.435.001	618.506

^(*) Represented on nominal values

5. Information on derivative financial assets

a) Table of positive differences related to derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1.303	-	1.510	-
Swap Transactions	123	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	1.426	-	1.510	-

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I. Explanations and notes related to assets (continued):

6. Information on loans:

a. Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	222.139	38.205	208.645	7.601
Corporate shareholders	221.989	37.855	208.367	7.251
Real person shareholders	150	350	278	350
Indirect loans granted to shareholders	115.515	24.405	173.457	32.410
Loans granted to employees	20.065	2	14.998	2
Total	357.719	62.612	397.100	40.013

b. Information on standard loans and loans under close monitoring including restructured or rescheduled Loans:

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	22.594.136	3.151.110	149.900	801.893
Export loans	1.363.937	26.569	-	-
Import loans	1.987.429	79.501	4.334	-
Business loans	11.852.473	2.651.718	115.093	656.848
Consumer loans	2.105.812	130.828	3.441	142
Credit cards	345.166	9.618	-	-
Loans given to financial sector	47.413	-	-	-
Other ^(*)	4.891.906	252.876	27.032	144.903
Other receivables	-	-	-	-
Total	22.594.136	3.151.110	149.900	801.893

^(*) Details of other loans are provided below:

Commercial loans with installments	1.072.234
Other investment credits	420.993
Loans given to abroad	1.044.395
Profit and loss sharing investments ^(**)	2.541.825
Loans for purchase of marketable securities for customer	209.533
Other	27.737
Total	5.316.717

^(**) As of June 30, 2019, the related balance represents profit and loss sharing investment projects (9 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of June 30, 2019, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 26.207 (TL 70.609 valuation profit, TL 44.402 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. In addition to the fair value profit, as of June 30, 2019, the project sales profit accrual amounts to TL 34.262. In total, net profit from profit and loss sharing investments is TL 60.469.

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I. Explanations and notes related to assets (continued):

6. Information on loans (continued):

b. Information on the first and second group loans, other receivables and restructured or rescheduled loans and other receivables (continued):

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Amendments to the Terms of Contracts	Refinancing
Cash Loans	Standard Loans			
Loans	19.961.950	4.586.686	84.914	540.129
Export loans	1.011.290	81.016	-	-
Import loans	1.708.418	132.927	155	-
Business loans	9.526.688	3.794.661	79.045	413.192
Consumer loans	2.326.204	177.374	4.703	-
Credit cards	313.127	16.801	-	-
Loans given to financial sector	63.275	-	-	-
Other ^(*)	5.012.948	383.907	1.011	126.937
Other receivables	-	-	-	-
Total	19.961.950	4.586.686	84.914	540.129

^(*) Details of other loans are provided below:

Commercial loans with installments	1.301.900
Other investment credits	472.512
Loans given to abroad	1.143.043
Profit and loss sharing investments ^(**)	2.145.198
Loans for purchase of marketable securities for customer	370.076
Other	92.074
Total	5.524.803

^(**) As of December 31, 2018, the related balance represents profit and loss sharing investment projects (10 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank, the counterparty after the cost of the projects is clarified, and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank.

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	149.453	-
Significant Increase in Credit Risk	-	78.357
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	67.855	-
Significant Increase in Credit Risk	-	295.451

c. Maturity analysis of cash loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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I. Explanations and notes related to assets (continued):

ç. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	27.390	2.195.533	2.222.923
Housing loans	12.691	2.056.234	2.068.925
Vehicle loans	3.928	63.956	67.884
Consumer loans	10.771	75.343	86.114
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	2.759	2.759
Housing loans	-	459	459
Vehicle loans	-	2.300	2.300
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	100.032	3	100.035
With installment	31.241	3	31.244
Without installment	68.791	-	68.791
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	12.829	1.712	14.541
Housing loans	-	23	23
Vehicle loans	-	450	450
Consumer loans	12.829	1.239	14.068
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.521	3	5.524
With installment	2.524	3	2.527
Without installment	2.997	-	2.997
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	145.772	2.200.010	2.345.782

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I. Explanations and notes related to assets (continued):

ç. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	11.980	2.486.782	2.498.762
Housing loans	2.298	2.318.529	2.320.827
Vehicle loans	2.088	77.325	79.413
Consumer loans	7.594	90.928	98.522
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	99	99
Housing loans	-	99	99
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	90.527	-	90.527
With installment	29.971	-	29.971
Without installment	60.556	-	60.556
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	6.589	2.831	9.420
Housing loans	11	170	181
Vehicle loans	6	737	743
Consumer loans	6.572	1.924	8.496
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.578	-	5.578
With installment	2.347	-	2.347
Without installment	3.231	-	3.231
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	114.674	2.489.712	2.604.386

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I. Explanations and notes related to assets (continued):

d. Information on commercial loans with installments and corporate credit cards:

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	41.578	548.951	590.529
Business loans	2.009	179.172	181.181
Vehicle loans	25.894	172.010	197.904
Consumer loans	13.675	197.769	211.444
Other	-	-	-
Commercial installment loans-FC indexed	-	302.485	302.485
Business loans	-	164.436	164.436
Vehicle loans	-	40.349	40.349
Consumer loans	-	97.700	97.700
Other	-	-	-
Commercial installment Loans-FC	3.249	175.971	179.220
Business loans	-	126.092	126.092
Vehicle loans	3.249	7.492	10.741
Consumer loans	-	42.387	42.387
Other	-	-	-
Corporate credit cards-TL	249.210	15	249.225
With installment	61.553	14	61.567
Without installment	187.657	1	187.658
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	294.037	1.027.422	1.321.459

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	24.569	723.152	747.721
Business loans	3.123	215.884	219.007
Vehicle loans	14.958	195.023	209.981
Consumer loans	6.488	312.245	318.733
Other	-	-	-
Commercial installment loans-FC indexed	260	372.637	372.897
Business loans	-	196.574	196.574
Vehicle loans	133	59.305	59.438
Consumer loans	127	116.758	116.885
Other	-	-	-
Commercial installment Loans-FC	1.531	179.751	181.282
Business loans	-	138.162	138.162
Vehicle loans	1.531	4.178	5.709
Consumer loans	-	37.411	37.411
Other	-	-	-
Corporate credit cards-TL	233.823	-	233.823
With installment	54.103	-	54.103
Without installment	179.720	-	179.720
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	260.183	1.275.540	1.535.723

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I. Explanations and notes related to assets (continued):

e. Allocation of loans by customers:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	25.652.644	24.030.636
Foreign loans	1.044.395	1.143.043
Total	26.697.039	25.173.679

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	21	-	1	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	21	-	1	-

ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	39.701	107.883
Loans with doubtful collectability	221.833	82.362
Uncollectible loans	842.354	703.240
Total	1.103.888	893.485

Specific provisions in the amount of TL 1.103.888 (December 31, 2018: TL 893.485) comprise TL 593.116 (December 31, 2018: TL 464.428) of participation account share of loans provided from participation accounts.

h. Information on non-performing loans (net):

h.1. Information on non-performing and restructured loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	24.352	39.061	45.477
Restructured loans	24.352	39.061	45.477
Prior Period			
Gross amount before specific provisions	1.233	7.597	24.632
Restructured loans	1.233	7.597	24.632

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I. Explanations and notes related to assets (continued):

h.2. Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Closing balance of prior period	346.493	341.237	1.200.817
Additions in the current period (+)	354.464	45.350	68.754
Transfers from other categories of non-performing loans (+)	-	521.680	226.876
Transfers to other categories of non-performing loans (-)	521.680	226.876	-
Transfers to standard loans (-)	45.262	52.957	49.557
Collections in the current period (-)	1.550	77.130	2.430
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	132.465	551.304	1.444.460
Provisions (-)	39.701	221.833	842.354
Net balance at the balance sheet	92.764	329.471	602.106

Non-performing loans and receivables in the amount of TL 2.128.229 comprise TL 1.203.267 of participation account share of loans provided from participation accounts.

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior Period			
Closing balance of prior period	68.903	268.963	874.744
Additions in the current period (+)	1.015.020	164.492	208.578
Transfers from other categories of non-performing loans (+)	-	551.598	439.614
Transfers to other categories of non-performing loans (-)	551.598	439.614	-
Transfers to standard loans (-)	113.506	160.552	195.990
Collections in the current period (-)	-	-	-
Write offs (-)	72.326	43.650	126.129
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other ^(*)	72.326	43.650	126.129
Closing balance of the current period	346.493	341.237	1.200.817
Specific provisions (-)	107.883	82.362	703.240
Net balance at the balance sheet	238.610	258.875	497.577

^(*) The Bank has assigned TL 242.105 from its non performing loan portfolio to asset management companies.

Non-performing loans and receivables in the amount of TL 1.888.547 comprise TL 1.005.830 of participation account share of loans and receivables provided from participation accounts.

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I. Explanations and notes related to assets (continued):

h.3. Non-performing loans and other receivables in foreign currencies:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period:			
Period end balance	2.989	25.157	116.398
Provision (-)	1.470	8.600	59.033
Net balance	1.519	16.557	57.365
Prior period:			
Period end balance	9.868	89.051	96.284
Specific provision (-)	4.714	2.080	47.628
Net balance	5.154	86.971	48.656

h.4. Gross and net amounts of non-performing loans according to user groups:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period (net)	92.764	329.471	602.106
Loans to individuals and corporates (gross)	132.465	551.304	1.444.460
Provision (-)	39.701	221.833	842.354
Loans to individuals and corporates (net)	92.764	329.471	602.106
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	238.610	258.875	497.577
Loans to individuals and corporates (gross)	346.493	341.237	1.200.817
Specific provision (-)	107.883	82.362	703.240
Loans to individuals and corporates (net)	238.610	258.875	497.577
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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I. Explanations and notes related to assets (continued):

h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	14.888	71.700	106.380
Profit Share Accruals and Valuation Differences	18.065	103.736	265.899
Provision (-)	3.177	32.036	159.519
Prior Period (Net)	38.694	30.522	68.964
Profit Share Accruals and Valuation Differences	55.013	38.336	187.489
Provision (-)	16.319	7.814	118.525

i. Liquidation policy for uncollectible loans:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

i. Information on write-off policies:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

7. Information on lease receivables (net):

a. Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	57.266	49.287	98.287	92.097
1 to 4 years	161.234	137.869	212.039	184.566
More than 4 years	94.927	90.149	112.474	102.891
Total	313.427	277.305	422.800	379.554

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	313.427	422.800
Unearned financial lease receivable (-)	36.122	43.246
Net receivable from financial leases	277.305	379.554

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I. Explanations and notes related to assets (continued):

c. General explanation on finance lease contracts:

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

Information on leasing receivables:

		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured Loans with Revised Contract Terms	Refinancing
	Standard Loans			
Current Period				
Financial lease receivables (Net)	266.306	9.640	1.359	-
Prior Period				
Financial lease receivables (Net)	272.979	105.226	1.349	-

8. Information on assets held for sale and assets of discontinued operations:

Assets held for sale consist of tangible assets, which have been acquired due to non-performing loans.

	Current Period	Prior Period
Opening Balance	649.688	84.230
Additions	70.318	875.842
Disposals	(21.888)	(40.610)
Transfers ^(*)	(308.673)	(58.968)
Impairment Provision(-)/Reversal of Impairment Provision	127	(210.806)
Net closing balance	389.572	649.688

^(*) The balance has been transferred from assets held for sale tangible assets to assets to be sold.

As of June 30, 2019, TL 387.761 (December 31, 2018: TL 646.597) of the assets held for sale is comprised of real estates, TL 1.811 (December 31, 2018: TL 3.091) is comprised of other tangible assets. The Bank has not any discontinued operations and assets of discontinued operations.

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I. Explanations and notes related to assets (continued):

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

Since the Bank does not have the necessary shareholding percentage to become a qualified shareholder and significant influence over this associate, it has not been consolidated.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,49	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2018.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
476.692	392.969	25.822	-	-	64.893	32	-

a.2. Information on consolidated associates:

As of balance sheet date, the Bank does not have any consolidated associates.

b. Information on subsidiaries (net):

b1. Information on unconsolidated non financial subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of December 31, 2018, the company's capital is TL 3.540 and the Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

b2. Information on consolidated subsidiaries:

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from reviewed financial statements as of June 30, 2019.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
2.361.973	464	3	-	-	61	3	-

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I. Explanations and notes related to assets (continued):

b2. Information on consolidated subsidiaries (continued):

ii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from reviewed financial statements as of June 30, 2019.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
25.309	23.794	21	2.346	2.213	6.494	686	-

iii. As of June 2019, not reviewed financial statements of the Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows;

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin/Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€ 1.421.571	€ 1.257.927	-	-	-	€ (683.413)	€ (5.620)	-

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I. Explanations and notes related to assets (continued):

iv. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	11.307	5.400
Movements inside the term	5.879	5.907
Purchases/new incorporations/capital increases	5.879	5.907
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	17.186	11.307
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	17.186	11.307

c. Information on investments in joint-ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company-through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from not reviewed financial statements as of June 30, 2019 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	154.705	1.895.023	1.907.944	67.560	52.832

Investment in joint venture in the unconsolidated financial statements is carried at cost.

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I. Explanations and notes related to assets (continued):

10. Information on tangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

11. Information on intangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

12. Information on investment property:

None (December 31, 2018: None).

13. Information related to deferred tax asset:

As of June 30, 2019, the Bank calculated net deferred tax asset of TL 174.098 (December 31, 2018: TL 170.099) by netting off deferred tax asset of TL 217.426 (December 31, 2018: TL 201.978) and deferred tax liability of TL 43.328 (December 31, 2018: TL 31.879) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	41.349	38.067
Provisions for retirement premium and vacation pay liabilities	17.881	14.971
Difference between carrying value and tax base of tangible assets (amortisation differences)	13.538	7.035
Depreciation of tangible assets	43.064	47.404
Provisions for cases on trial	1.038	953
Revaluation difference of financial assets measured at fair value through other comprehensive income	9.164	8.524
Provisions	26.883	68.717
Leasing profit share expenses	5.806	-
Other	58.703 ^(*)	16.307
Deferred tax asset	217.426	201.978
Revaluation difference of property	16.957	17.718
Rediscount on profit share	15.221	10.645
Right of use assets	7.865	-
Other	3.285	3.516
Deferred tax liability	43.328	31.879
Deferred tax asset (net)	174.098	170.099

^(*) Includes TL 56.426 subjected to deferred tax arising from previous years' losses

14. Information on derivative financial assets for hedging purposes:

None (December 31, 2018: None).

15. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 145.810 (December 31, 2018: TL 403.722) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current									
Accounts Non-Trade TL	1.197.674	-	-	-	-	-	-	-	1.197.674
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.267.872	3.746.417	117.707	-	22.931	293.914	12.334	6.461.175
III. Current Account other-TL	1.709.385	-	-	-	-	-	-	-	1.709.385
Public Sector	30.918	-	-	-	-	-	-	-	30.918
Commercial Institutions	1.578.629	-	-	-	-	-	-	-	1.578.629
Other Institutions	81.177	-	-	-	-	-	-	-	81.177
Commercial and Other									
Institutions	13.011	-	-	-	-	-	-	-	13.011
Banks and Participation Banks	5.650	-	-	-	-	-	-	-	5.650
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	94	-	-	-	-	-	-	-	94
Foreign Banks	5.517	-	-	-	-	-	-	-	5.517
Participation Banks	39	-	-	-	-	-	-	-	39
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	297.130	1.328.366	79.800	-	92.086	106.207	36	1.903.625
Public Sector	-	77	70	-	-	-	-	-	147
Commercial Institutions	-	278.325	1.165.444	76.255	-	78.307	101.502	36	1.699.869
Other Institutions	-	18.709	152.272	3.545	-	13.779	4.705	-	193.010
Commercial and Other									
Institutions	-	19	30	-	-	-	-	-	49
Banks and Participation Banks	-	-	10.550	-	-	-	-	-	10.550
V. Real Persons Current Accounts									
Non- Trade FC	3.306.548	-	-	-	-	-	-	-	3.306.548
VI. Real Persons Participation									
Accounts Non-Trade FC	-	2.834.809	4.906.392	325.156	-	31.655	824.806	514	8.923.332
VII. Other Current Accounts FC	4.032.607	-	-	-	-	-	-	-	4.032.607
Residents in Turkey-Corporate	2.464.018	-	-	-	-	-	-	-	2.464.018
Residents Abroad-Corporate	833.347	-	-	-	-	-	-	-	833.347
Banks and Participation Banks	735.242	-	-	-	-	-	-	-	735.242
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	729.875	-	-	-	-	-	-	-	729.875
Participation Banks	5.367	-	-	-	-	-	-	-	5.367
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
other- FC	-	619.506	2.855.311	363.033	-	7.283	14.533	82	3.859.748
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	405.449	1.948.101	43.231	-	7.283	14.489	82	2.418.635
Other institutions	-	3.359	25.085	404	-	-	-	-	28.848
Commercial and Other									
Institutions	-	26.610	127.201	2.954	-	-	44	-	156.809
Banks and Participation Banks	-	184.088	754.924	316.444	-	-	-	-	1.255.456
IX. Precious Metals Deposits	575.927	217.017	786.295	26.851	-	8.711	33.000	3.303	1.651.104
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	10.822.141	6.236.334	13.622.781	912.547	-	162.666	1.272.460	16.269	33.045.198

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II. Explanations and notes related to liabilities (continued):

a. Information on maturity structure of funds collected (continued):

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current									
Accounts Non-Trade TL	1.134.274	-	-	-	-	-	-	-	1.134.274
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.428.892	3.925.701	138.487	-	29.371	439.698	10.667	6.972.816
III. Current Account other-TL	1.675.382	-	-	-	-	-	-	-	1.675.382
Public Sector	44.119	-	-	-	-	-	-	-	44.119
Commercial Institutions	1.547.656	-	-	-	-	-	-	-	1.547.656
Other Institutions	56.880	-	-	-	-	-	-	-	56.880
Commercial and Other Institutions	3.513	-	-	-	-	-	-	-	3.513
Banks and Participation Banks	23.214	-	-	-	-	-	-	-	23.214
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	23.211	-	-	-	-	-	-	-	23.211
Participation Banks	1	-	-	-	-	-	-	-	1
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	324.687	1.373.472	186.881	-	7.553	104.511	32	1.997.136
Public Sector	-	68	1.190	-	-	-	-	-	1.258
Commercial Institutions	-	304.892	1.224.378	133.657	-	6.309	97.729	32	1.766.997
Other Institutions	-	19.707	147.337	53.224	-	1.244	4.931	-	226.443
Commercial and Other Institutions	-	20	5	-	-	-	1.851	-	1.876
Banks and Participation Banks	-	-	562	-	-	-	-	-	562
V. Real Persons Current									
Accounts Non- Trade FC	2.253.033	-	-	-	-	-	-	-	2.253.033
VI. Real Persons Participation									
Accounts Non-Trade FC	-	2.200.909	3.871.958	301.876	-	26.181	638.977	387	7.040.288
VII. Other Current Accounts FC	3.200.185	-	-	-	-	-	-	-	3.200.185
Residents in Turkey- Corporate	2.386.238	-	-	-	-	-	-	-	2.386.238
Residents abroad- Corporate	388.771	-	-	-	-	-	-	-	388.771
Banks and Participation Banks	425.176	-	-	-	-	-	-	-	425.176
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	420.247	-	-	-	-	-	-	-	420.247
Participation Banks	4.929	-	-	-	-	-	-	-	4.929
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	465.979	2.232.544	207.092	-	12.236	11.108	-	2.928.959
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	255.551	1.400.746	62.073	-	12.236	11.068	-	1.741.674
Other Institutions	-	2.986	29.705	3.613	-	-	-	-	36.304
Commercial and Other Institutions	-	10.986	208.223	3.371	-	-	40	-	222.620
Banks and Participation Banks	-	196.456	593.870	138.035	-	-	-	-	928.361
IX. Precious Metals Deposits	465.759	184.260	706.317	31.486	-	8.140	25.303	135	1.421.400
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	8.728.633	5.604.727	12.109.992	865.822	-	83.481	1.219.597	11.221	28.623.473

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II. Explanations and notes related to liabilities (continued):

b. Information on participation fund under the guarantee of insurance:

b.1. Exceeding the limit of Insurance Fund:

Information on real persons' current and participation accounts not subject to trading transactions under the guarantee of insurance and exceeding the limit of Insurance Fund:

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.364.579	4.415.669	3.294.272	3.691.420
Foreign currency accounts	3.363.851	2.621.145	10.263.735	7.874.166
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 100 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2. Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	35.425	28.459
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	15.590	12.634
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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II. Explanations and notes related to liabilities (continued):

2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	1.665.370
Wakala Loans	-	1.309.487	-	1.210.541
Loans Obtained from Issued Lease Certificates (Sukuk)	2.363.248	-	1.613.630	1.848.913
Other	88.928	216.956	220.698	292.941
Total	2.452.176	1.526.443	1.834.328	5.017.765

a.2. Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	2.449.143	193.791	1.668.199	2.141.854
Loans from foreign banks, institutions and funds	3.033	1.332.652	166.129	2.875.911
Total	2.452.176	1.526.443	1.834.328	5.017.765

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2.339.572	1.405.157	1.563.656	1.354.438
Medium and Long-Term	112.604	121.286	270.672	3.663.327
Total	2.452.176	1.526.443	1.834.328	5.017.765

b. Additional disclosures on concentration areas of Bank's liabilities:

The Bank does not have concentration on customer or sector group providing funds (December 31, 2018: None).

3. a. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	245	-	205	-
Swap transactions	2.787	-	1.340	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	3.032	-	1.545	-

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II. Explanations and notes related to liabilities (continued):

4. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	2.447	-	-	-
1 to 5 years	79.107	1.520	-	-
Over 5 years	204.528	-	-	-
Total	286.082	1.520	-	-

5. Information on hedging derivative financial liabilities:

None (December 31, 2018: None).

6. Information on provisions:

a. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 71.147 (December 31, 2018: TL 62.147), vacation pay liability amounting to TL 16.598 (December 31, 2018: TL 11.174) totaling to TL 87.745 (December 31, 2018: TL 73.321). Provisions for performance premium has not been allocated in the current period (December 31, 2018: None). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	16,00	16,00
Estimated increase rate of salary ceiling (%)	12,30	12,30

Movement of the reserve for employment termination benefits in the balance sheet is as follows:

	Current Period	Prior Period
Prior period ending balance	62.147	50.623
Change in the period	15.974	14.844
Actuarial (gain)/loss	-	2.892
Paid during the period	(6.974)	(6.212)
Balance at the end of the period	71.147	62.147

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	9.609	6.192
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provisions for unindemnified letter of guarantees	3.643	3.037
Third stage expected loss provisions for cheques commitments	3.871	2.309
Provisions for promotions related with credit cards and promotion of banking services	219	212
Provisions for cases on trial	4.837	4.440
Accrual for purchase and sale commitments	498	148
Other	613	612
Total	23.290	16.950

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II. Explanations and notes related to liabilities (continued):

c. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of June 30, 2019 provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 2.641 (December 31, 2018: TL 3.802) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

7. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of June 30, 2019, the Bank has not any remaining tax liability after offsetting prepaid corporate tax (December 31, 2018: TL 3.071).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	-	3.071
Banking insurance transaction tax	13.127	17.376
Taxation on securities income	25.182	12.024
Value added tax payable	994	1.530
Taxation on real estate income	1.226	1.233
Foreign exchange transaction tax	1.372	-
Income tax deducted from wages	8.054	9.385
Other	12.126 ^(*)	1.190
Total	62.081	45.809

(*) Includes TL 11.267 as per the general communique on repartition of capital.

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.340	4.531
Social security premiums-employer	5.767	4.918
Bank pension fund premium-employees	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	379	321
Unemployment insurance-employer	758	643
Other	-	-
Total	12.244	10.413

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II. Explanations and notes related to liabilities (continued):

8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2018: None).

9. Detailed explanations on number, maturity, profit share rate, creditor and option to convert to share certificates; if any; of subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	1.316.303	-	1.204.297
Subordinated loans	-	1.316.303	-	1.204.297
Subordinated debt instruments	-	-	-	-
Total	-	1.316.303	-	1.204.297

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Bank has repurchased the sukuk issued in the amount of USD 24.000.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

The Bank has realized unmatured additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

10. Breakdown of items in other liabilities, which exceed 10% of the balance sheet total, and breakdown of items which constitute at least 20% of grand total:

None (December 31, 2018: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
Preferred stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank and if so, amount of the registered share capital ceiling:

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The application dated December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

c. Information on the share capital increases during the period and their sources; other information on increased capital in the current period:

There is no capital increase in the current period.

ç. Information on share capital increases from capital reserves during the current period:

There is no share capital increase from capital reserves during the current period.

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II. Explanations and notes related to liabilities (continued):

d. Capital commitments in the last fiscal year and by the end of the following interim period, general purpose of these commitments and projected resources required to meet these commitments:

There are no capital commitments until the end of the last fiscal year and following interim period.

e. Estimated effects on the shareholders equity of the Bank, of predictions to be made by taking into account previous period indicators regarding the Bank's income, profitability and liquidity, and uncertainties regarding such indicators:

The Bank continues its operations in a profitable manner and majority of the profits are kept in shareholders' equity through transfer to reserves. Moreover, the Bank's shareholders' equity is invested in liquid and earning assets.

f. Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	(39.876)	7.385	(23.419)	(7.774)
Foreign exchange difference	-	-	-	-
Total	(39.876)	7.385	(23.419)	(7.774)

^(*) The amount represents the net balance after deferred tax calculation.

ğ) Information on other capital reserves:

The Bank has evaluated its unmatured sukuk transaction as non monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six month payment. The Bank has option to cancel the expense amounts. If the Bank uses this option, unpaid amounts will not have to be paid by the Bank for the coming periods.

The effect of the foreign exchange difference on above transaction amounts to TL 407.130 (Prior Period: TL 306.475) and its deferred tax amounts to TL 90.336 (Prior Period: TL 68.192) have been accounted under other capital reserves. TL 114.979 (Prior period: TL 60.051) related to coupon payment has been recognized under prior period profit (loss) account.

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III. Explanations and notes related to off-balance sheet:

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	690.084	630.690
Payment commitments for cheques	656.456	537.673
Asset purchase and sale commitments	936.369	476.958
Loan granting commitments	210.515	215.439
Tax and funds liabilities arising from export commitments	9.475	6.906
Commitments for promotions related with credit cards and banking activities	329	332
Other irrevocable commitments	470	387
Total	2.503.698	1.868.385

b. Type and amount of possible losses and commitments arising from off-balance sheet items:

b.1. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:

	Current Period	Prior Period
Letters of guarantees	8.251.339	8.574.565
Bank loans	27.204	39.338
Letters of credit	1.328.345	1.229.615
Other guaranties and sureties	381.491	202.179
Total	9.988.379	10.045.697

b.2. Revocable, irrevocable guarantees and other similar commitments and contingencies:

	Current Period	Prior Period
Letters of guarantees	8.251.339	8.574.565
Long standing letters of guarantees	5.206.293	5.149.800
Temporary letters of guarantees	269.966	191.708
Advance letters of guarantees	359.831	369.112
Letters of guarantees given to customs	318.323	252.510
Letters of guarantees given for obtaining cash loans	2.096.926	2.611.435
Sureties and similar transactions	381.491	202.179
Total	8.632.830	8.776.744

c. Within the Non-cash Loans

c.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	2.096.926	2.611.435
With original maturity of 1 year or less	512.852	917.931
With original maturity of more than 1 year	1.584.074	1.693.504
Other non-cash loans	7.891.453	7.434.262
Total	9.988.379	10.045.697

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III. Explanations and notes related to off-balance sheet (continued):

c.2. Sectoral risk concentration of non-cash loans:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

c.3. Information on the non-cash loans classified in Group I and Group II:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

2. Explanations on derivative transactions:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

3. Explanations on contingent assets and liabilities:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

4. Explanations on services rendered on behalf of third parties:

The Bank has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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IV. Explanations and notes related to the statement of profit or loss:

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	266.302	75.799	209.572	20.735
Medium and Long Term Loans	777.102 ^(**)	271.727	765.296	203.328
Profit Share on Non-Performing Loans	83.020	1.219	35.338	15
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1.126.424	348.745	1.010.206	224.078

^(*) Includes fees and commission income on cash loans.

^(**) Total TL 104.871 is the accrued profit from profit and loss investments and TL 70.609 of this profit is fair value profit.

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	15.556	21.509	4.358	19.849
Domestic Banks	334	1.225	-	685
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	15.890	22.734	4.358	20.534

c. Information on profit share income received from marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	46	1.319	85	209
Financial assets measured at fair value through other comprehensive income	54.018	31.408	43.837	15.226
Financial assets measured at amortised cost	42.343	4.355	36.145	-
Total	96.407	37.082	80.067	15.435

ç. Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	5.869	3.990	2.450	1.170
Total	5.869	3.990	2.450	1.170

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IV. Explanations and notes related to the statement of profit or loss (continued):

2. Explanations on profit share expenses:

a. Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period	Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year		
TL								
Funds collected from banks through current and profit sharing accounts	89	221	-	-	-	-	-	310
Real persons' non-trading profit sharing accounts	167.442	284.124	10.436	-	1.950	33.919	868	498.739
Public sector profit sharing accounts	5	23	-	-	-	-	-	28
Commercial sector profit sharing accounts	20.031	113.751	20.643	-	3.713	8.215	2	166.355
Other institutions profit sharing accounts	1.287	15.577	1.403	-	728	449	-	19.444
Total	188.854	413.696	32.482	-	6.391	42.583	870	684.876
FC								
Banks	2.594	8.679	1.135	-	-	-	-	12.408
Real persons' non-trading profit sharing accounts	31.498	56.751	4.050	-	362	10.101	4	102.766
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	4.059	19.381	1.046	-	122	182	1	24.791
Other institutions profit sharing accounts	244	2.535	80	-	-	1	-	2.860
Precious metals deposits	209	1.328	53	-	59	163	7	1.819
Total	38.604	88.674	6.364	-	543	10.447	12	144.644
Grand total	227.458	502.370	38.846	-	6.934	53.030	882	829.520

Prior Period	Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year		
TL								
Funds collected from banks through current and profit sharing accounts	-	25	-	-	-	-	-	25
Real persons' non-trading profit sharing accounts	125.580	228.044	9.588	-	1.888	22.516	430	388.046
Public sector profit sharing accounts	8	21	-	-	-	-	-	29
Commercial sector profit sharing accounts	15.597	88.789	3.225	-	594	2.377	-	110.582
Other institutions profit sharing accounts	1.708	10.539	304	-	80	336	-	12.967
Total	142.893	327.418	13.117	-	2.562	25.229	430	511.649
FC								
Banks	5.066	7.021	537	-	14	-	-	12.638
Real persons' non-trading profit sharing accounts	17.553	36.130	2.695	-	292	8.403	1	65.074
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	2.251	16.208	174	-	315	132	-	19.080
Other institutions profit sharing accounts	1.103	3.082	12	-	-	-	-	4.197
Precious metals deposits	669	3.529	161	-	26	262	-	4.647
Total	26.642	65.970	3.579	-	647	8.797	1	105.636
Grand total	169.535	393.388	16.696	-	3.209	34.026	431	617.285

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IV. Explanations and notes related to the statement of profit or loss (continued):

2. Explanations on profit share expenses (continued):

b. Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2.379	32.039	12.005	42.513
CBRT	-	-	-	-
Domestic banks	-	3.241	-	3.855
Foreign banks	2.379	28.798	12.005	38.658
Head offices and branches abroad	-	-	-	-
Other institutions	229.150	142.507	40.416	136.029
Total	231.529	174.546	52.421	178.542

c. Profit share expense paid to associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	225.623	62.090	39.710	50.054
Total	225.623	62.090	39.710	50.054

ç. Profit share expenses paid to marketable securities issued:

None (December 31, 2018: None).

3. Components of other items which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement:

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	39.651	21.474
Clearing room fees and commissions	29.334	14.609
Commissions on money orders	8.192	5.399
Appraisal fees	4.091	5.485
Insurance and brokerage commissions	10.319	6.221
Checks and bills commissions	1.685	1.520
Safe deposit box commissions	1.022	966
Advocacy service commissions	1.987	2.772
Service pack commissions	8.698	3.590
Enquiry fees received	1.354	218
Fees and commissions from correspondent banks	1.282	695
Export credit commissions	1.222	927
Other	23.373	10.544
Total	132.210	74.420

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	9.636	15.121
Credit cards fees and commissions	9.436	5.432
Member firm-POS fees and commissions	14.397	10.527
Fees and commissions for Swift, EFT and money orders	9.636	4.987
Other	4.567	4.629
Total	47.672	40.696

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IV. Explanations and notes related to the statement of profit or loss (continued):

4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Other	2.762	-	177	-
Total	2.762	-	177	-

5. Explanations on trading income/loss (net):

	Current Period	Prior Period
Income	4.824.345	4.530.279
Income from capital market transactions	62.485	29.826
Income from derivative financial instruments	53.046	27.683
Foreign exchange income	4.708.814	4.472.770
Loss (-)	4.686.832	4.384.243
Loss on capital market transactions	1.248	1.506
Loss on derivative financial instruments	99.937	34.672
Foreign exchange losses	4.585.647	4.348.065
Trading Income/Loss (net)	137.513	146.036

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	341.427	304.667
Income from sale of assets	15.068	20.547
Reversal of communication expenses provision	4.969	3.159
Reversal of vacation pay expenses provision	-	-
Cheque book charges	875	769
Other income	22.069 ^(*)	1.907
Total	384.408	331.049

^(*) The balance includes TL 12.562 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

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IV. Explanations and notes related to the statement of profit or loss (continued):

7.1. Expected credit loss provisions in accordance with TFRS 9:

	Current Period	Prior Period
Expected Credit Loss	352.141	345.836
12 month expected credit loss (stage 1)	87.872	17.159
Significant increase in credit risk (stage 2)	18.296	40.005
Non-performing loans (stage 3)	245.973	288.672
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	50.420	6.844
Total	402.561	352.680

Expected credit losses amount to TL 402.561 (June 30, 2018: TL 352.680) includes TL 191.542 (June 30, 2018: TL 120.774) representing participation account share of expected credit losses of loans provided from participation accounts.

(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
1st and 2nd group non-cash loans	3.740	4.952
Third stage expected loss provision for unindemnified non cash loans	2.278	1.305
Expected credit losses (stage 1) for banks	-	585
Profit and loss sharing investments' fair value provision.	44.402	-
Expected credit losses (stage 1) for other financial assets.	-	2
Total	50.420	6.844

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IV. Explanations and notes related to the statement of profit or loss (continued):

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	9.000	6.000
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	48.789	19.365
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	8.859	10.518
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other business expenses	69.504	104.006
Leasing Expenses on TFRS 16 Exceptions	2.469	-
Operating Lease Expenses	-	40.773
Maintenance and repair expenses	7.988	6.712
Advertisement expenses	5.202	14.357
Other expenses ^(*)	53.845	42.164
Loss on sale of assets	320	173
Other ^(**)	75.046	62.737
Total	211.518	202.799

^(*) The details of the "Other Expenses" balance under Other Operating Expenses are as follows:

	Current Period	Prior Period
Communication Expenses	12.181	8.066
Donations	6.156	6.669
Cleaning expenses	9.206	7.039
Heating, lighting and water expenses	6.922	4.099
Representation and Hosting expenses	3.864	3.454
Vehicle expenses	3.154	2.850
Lawsuit and court expenses	981	1.303
Movables Insurance Expenses	1.611	1.093
Stationery Expenses	1.386	1.368
Expense Share for Common Expenses	1.262	894
Group transportation costs	3.034	4.215
Other	4.088	1.114
Total	53.845	42.164

^(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	31.577	21.029
Taxes, Duties, Charges and Funds	24.346	18.231
Expertise and Information Expenses	3.764	4.986
Audit and Consultancy Fees	8.518	9.671
Institution and Union participation share	5.885	3.242
Other	956	5.578
Total	75.046	62.737

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IV. Explanations and notes related to the statement of profit or loss (continued):

9. Explanations on income/loss from continued operations before taxes:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

10. Explanations on tax provision for continued and discontinued operations:

Since the Bank has no discontinued operations, there is no tax provision for this purpose.

As of June 30, 2019, the Bank has deferred tax income amounts to TL 120.322 (June 30, 2018: TL 35.126) and deferred tax expense amounts to TL 134.966 (June 30, 2018: TL 82.704). There is no current tax provision (June 30, 2018: None).

11. Explanations on net income/loss from continued and discontinued operations:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

12. Explanations on net income/loss:

a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank’s performance for the period:

None.

b. The effect of the change in accounting estimates to the net income/loss; including the effects on the future period:

None.

V. Explanations and notes related to the statement of changes in shareholders’ equity:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

VI. Explanations and notes related to the statement of cash flows:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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VII. Explanations related to the risk group of the Bank:

1. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses related to the period:

a. Current period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at the beginning of the period	1	5	173.457	32.410	19	-
Balance at the end of the period	21	5	115.515	24.405	43	-
Profit share and commission income received	-	-	3.049	81	-	-

b. Prior period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	118.658	22.039	106	-
Balance at end of period	1	5	173.457	32.410	19	-
Profit share and commission income received	-	-	2.970	28	-	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1. Information on current and profit sharing accounts of the Bank's risk group:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	21.495	15.395	604.631	602.289	7.106	4.801
Balance at the end of period	31.378	21.495	1.053.845	604.631	8.321	7.106
Profit share expense	2.151	273	4.295	3.474	171	85

^(*) As of June 30, 2019 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 23.943.264 and EUR 138.553.360 (December 31, 2018: USD 31.856.532 and EUR 122.404.261). The profit share expense relating to such borrowings for the period between January 1, 2019 - June 30, 2019 is TL 6.988 (June 30, 2018: TL 7.088). The Bank has issued Sukuk in the amount of TL 2.305.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expenses for the related issues are TL 286.481 as of June 30, 2019 (Includes also USD 350.000.000 of which the principal was paid and paid off in June 2019) (June 30, 2018: TL 89.443).

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to ABG, the main shareholder of the company. The related amount is accounted under other capital reserves in the financial statements.

c.2. Information on forward and option agreements and other similar agreements with related parties:

The Bank does not have forward and option agreements with the risk group of the Bank.

As of June 30, 2019, the Bank has paid TL 7.563 (June 30, 2018: TL 10.534) to top management.

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VIII. Explanations related to domestic, foreign and offshore branches or investments and foreign representative offices:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

IX. Explanations related to subsequent events:

None.

X. Other Explanations

Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:

None.

SECTION SIX

Limited review report

I. Explanations on limited review report:

The Bank’s unconsolidated financial statements as of and for the period ended June 30, 2019 have been reviewed by “Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.” (the member of the Ernst & Young Global Ltd.) and the audit report dated July 31, 2019 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

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SECTION SEVEN

Information on Interim Report

a. General Information

1. Summary Information about Albaraka Türk Katılım Bankası A.Ş:

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 65.99%, share of the domestic partners is 8.76% and publicly held share is 25.25%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

Albaraka Türk, collecting funds through current accounts and participation accounts and gaining the funds it contributes to the economy of the country by products as individual financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a variety of finance and banking services by interest free banking application.

Albaraka Türk has always aimed to achieve sustainable growth with the strategy of "adding value to your values" for all its stakeholders with its "reliable", "understandable", "responsible" and "transparent" approach to all its customers, including individual, corporate and SME segments in order to offer services and improve customer experience in all-inclusive participation banking system. With its competent and dynamic human resources and interest-free banking infrastructure, Albaraka Türk is a leader in its products and services without compromising on its quality and value.

Albaraka Türk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 80 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 1.000 banks. Albaraka Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders' Structure:

Albaraka Türk's paid-up capital is TL 900.000 as of June 30, 2019.

Shareholders' Structure of Albaraka Türk as of June 30, 2019		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	593.953	65,99
Albaraka Banking Group	486.523	54,06
Islamic Development Bank	70.574	7,84
Alharthy Family	31.106	3,46
Others	5.750	0,63
Local Shareholders	78.835	8,76
Publicly Listed	227.212	25,25
Total	900.000	100,00

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

3. The amendments in the articles of association during period of January 1, 2019 - June 30, 2019

There has been no change in the Bank's articles of incorporation during the related period.

4. Branch and Personnel Information:

As of June 30, 2019, total number of branches of the Bank is 232 and the total number of personnel is 3.884. Albaraka Türk carries out its activities with 230 domestic branches extended throughout the country and 2 branch abroad in Erbil and Baghdat.

5. Board of Directors Chairman and Members^(*):

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	2005	46
Osman AKYÜZ	Vice Chairman of BOD	Master	1996	34
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	48
Prof.Dr.Mehmet ASUTAY	Member of BOD	Doctorate	2018	3
Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	2008	25
Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	2008	31
Süleyman KALKAN	Member of BOD	Bachelor	2018	36
Prof. Dr. Kemal Varol	Independent Member of BOD	Doctorate	2013	10
Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	2016	33
Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	2017	2
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	27
Wasim AHMED	Member of BOD	Master	2019	8
Melikşah UTKU	Member of BOD and CEO	Master	2016	15

(*) Mr. Wasim AHMED has been appointed to our Bank's Member of Board of Directors as of 20 March 2019.

6. Top Management:

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	15
Turgut SİMİTCİOĞLU	Senior Assistant General Manager	Master	2017	29
Nihat BOZ	Assistant General Manager	Bachelor	2009	32
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	22
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	30
Nevzat BAYRAKTAR	Assistant General Manager	Bachelor	2017	23
Fatih BOZ	Assistant General Manager	Master	2017	21
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	32
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	16
Volkan Evcil	Internal Systems Senior Manager	Bachelor	2017	29

(*) Mr.Nihat Boz ,Assistant General Manager, has resigned from his position on 1 July 2019 due to his retirement

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Information on Interim Report (continued):

7. Managers of Departments within Internal Systems^(*)

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Ahmet UYSAL Umut	14 years 3 months	14 years 3 months	12 years	Master	Inspection
ÇAKMAK Ahmet Faruk	14 years 6 months	14 years 6 months	14 years 6 months	Bachelor	Risk Management
DEĞİRMENÇİ	11 years 6 months	11 years 6 months	11 years 6 months	Bachelor	Internal Control Regulation and Compliance
Ahmet KOÇ	22 years 10 months	22 years 10 months	8 Years 6 months	Bachelor	

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE

Chairman: Mustafa BÜYÜKABACI
Member: Süleyman KALKAN
Member: Mehmet ASUTAY
Observer: Hamad Abdulla A. ALOQAB, Ibrahim Fayez Humaid ALSHAMSI, Khaled Abdulla Mohamed ATEEQ

CREDIT COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Prof. Dr. Kemal VAROL
Member: Melikşah UTKU
Reserve Member: Hamad Abdulla Ali ALOQAB, Muhammad Zarrug M. RAJAB

CORPORATE GOVERNANCE COMMITTEE:

Chairman: Muhammad Zarrug M. RAJAB
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mehmet ASUTAY
Member: Mustafa Karamehmetoğlu
Observer: Khaled Abdulla Mohamed ATEEQ

REMUNERATION COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Osman AKYÜZ
Member: Melikşah UTKU

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:

Chairman: Mehmet ASUTAY
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mustafa BÜYÜKABACI

EXECUTIVE COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Vice Chairman: Osman AKYÜZ
Member: Hamad Abdulla Ali ALOQAB
Member: Melikşah UTKU

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	6.347.917	5.918.381
Banks	2.650.650	5.217.047
Financial Assets- Available For Sale (Net)	3.400.202	1.677.854
Loans and Receivables	28.825.268	27.062.226
Financial Leasing Receivables	277.305	379.554
Others	2.384.398	1.968.590
TOTAL ASSETS	43.885.740	42.223.652
LIABILITIES	Current Period	Prior Period
Funds Collected	33.045.198	28.623.473
Funds Borrowed	3.978.619	6.852.093
Subordinated Loans	1.316.303	1.204.297
Shareholders' Equity	3.287.783	3.261.451
Others	2.257.837	2.282.338
TOTAL LIABILITIES	43.885.740	42.223.652
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.679.880	1.382.378
Profit Share Expense	1.339.804	884.043
Net Profit Share Income/Expenses	340.076	498.335
Net Fees and Commissions Income/Expenses	147.273	85.327
Trading Income/Loss (Net)	137.513	146.036
Other Operating Income	384.408	331.049
Net Operating Income/ (Losses)	64.360	243.759
Tax Provision For Discontinued Operations (-+)	14.644	47.578
NET PROFIT/LOSSES	49.716	196.181
Earnings Per Share (Full TL)	0,06	0,22

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
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Information on Interim Report (continued):

2. Message from the Chairman of the Board of Directors:

Dear Precious Stakeholders,

It is noteworthy that global economic activity slowed down in the first quarter of 2019. Although the performance of the US economy is relatively better compared to the EU and Far Eastern economies, various indicators also reveal question marks about the US. In this respect, the International Monetary Fund (IMF) first foresees that the global growth performance of 3.6% in 2018 will slow down and that it will grow by 3.3% in 2019, and then, with its latest announcement, it reduced its forecast to 3.2%. Also several political decisions have been effective in the signs of slowing global growth. Especially trade wars starting with the US have negative implications for China and the EU economy. On the other hand, the ongoing Brexit uncertainty, internal turmoil in France, and weak public finances in Italy have further downside risks to growth.

In addition to the slowness in growth, inflation data continue to be moderate. On average, the headline inflation rate of G-7 countries declined to 1.56% in May. The slowdown in growth and the fact that the expected increase in inflation did not come have also taken a break from tightening monetary policy. Finally, the US Central Bank set aside the tightening path in 2018 and halted the rate hikes with the assumption that they converged to the ideal ratios. In addition, it is announced that the balance sheet reduction program will be completed in September. Moreover FED entered into the interest rate reduction cycle in July. Expectation of interest rate cut by FED has reached 100 bps over the next year. The European Central Bank also gave signals to participate in this loosening cycle after the FED, and there is an expectation in the market that it would be able to cut interest rates as of September. Finally, the Bank of Japan agreed that the 2% inflation target years will not be reached in the next 3 years. The situation is similar in developing countries. All the developing countries in a row participated in the loosening cycle with interest rate cuts in their monetary policies. In this context, the monetary policy outlook is expected to be more supportive in 2019 than in 2018. Turkey giving the highest real return in the world has had a serious relaxation area in terms of monetary policy in this conjuncture. By the end of the year, the policy rate could be reduced considerably.

When looking at the domestic developments, Turkey's risk indicators are emerging dissociated negative compared to other countries due to the facts that ongoing geopolitical tension in Syria and international disputes arising from the S-400 acquisition process. On the other hand, especially in the last one-month period will draw down Turkey's risk perception has experienced significant growth and dissolution, and this situation led to a significant downward movement in risk premiums. The economic stabilization process continued in the first quarter of 2019. Both industrial production data and loan indicators have confirmed Turkey's exit from a technical recession as of the first quarter of 2019. The positive growth expectations are also supported accordingly in the second half of the year. In 2019, Turkey is expected to achieve a growth close to 1% of the economy. As a result of the balancing process in growth, unemployment rates have also increased. Although the inflation indicators did not recover completely, the recovery process continued. In this context, a consumer inflation rate of 14-15% is expected at the end of 2019. In the new outlook of these variables, the current account balance continued to give a surplus and the tourism sector re-converged to its historical high levels. The next 4 years period without any election and the comprehensive reform package included in the government agenda are also promising.

Albaraka Turk, in the light of all these global and local markets developments, has shown that working principles and active structures of participation banking are more enduring compared to traditional banking and continued its contribution in Turkish economy and real sector. We, as Albaraka Turk, shall continue to meet financial needs of our customers as it has been in 35 years by increasing the energy needed for our growth with our management team professionalizing more every passing day with the awareness and responsibility of being the first and pioneer Participation Bank of Turkey, our young and dynamic human resource and the organization we have. Our Bank, as it was yesterday, shall continue to take firm steps today and tomorrow by "Adding value to the values" of all stakeholders in accordance with the vision of "Being the Best Participation Bank of the World".

Our Bank shall continue to be a pioneer in the sector with its employees and stakeholders; and shall serve for sustainable growth and development also in the forthcoming periods. Hereby, I'd like to take this opportunity to thank my colleagues, our customers, shareholders and all our stakeholders for their contribution in our success.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

Despite developments in both the global and local markets in the second half of 2018 and which shall show their effects afterwards, Albaraka Turk has maintained its contribution to the economy of Turkey and real sector.

According to our financial results for the first six months, total assets of our Bank is actualized as 43.885.740 TL. Our total loan portfolio has reached to 29.102.573 TL in the same period. Funds collected through profit and loss sharing accounts and private current accounts have increased by %15,45% compared to the to the end of 2018 and realized as 33.045.198 TL. Approximately 65,89% of these funds are comprised of foreign currency type funds. Net profit of our Bank as of June 30, 2019, is actualized as 49.716 TL.

Albaraka Turk, growing its customer mass each passing day with its experience and service quality, is maintaining its support of development of Turkey with its entrepreneurship projects. Breaking new grounds of Participation Banking, Albaraka Turk is taking firm steps towards being the leader of not only participation banking sector but also the whole finance sector in innovation and entrepreneurship.

As a requisite of “Being the Best Participation Bank of the World” vision, we’re maintaining our studies for the goal of offering all physical branch services end to end also in digital medium by achieving developments in rapidly changing and renewing finance world and making investment in future banking, and supporting entrepreneurs having finance technology-based business ideas and projects by offering incubation and acceleration opportunities with Albaraka Garaj, a first in terms of participation banks.

Interaction of in-house innovation and entrepreneurship spirit with executives is increased and customer oriented innovative solutions are started to be generated also with “Discover” program supporting in-house entrepreneurship along with Albaraka Garaj.

The issuance which is a first in Participation Banking sector is an indicator of Albaraka Turk successfully putting new investment banking practices into effect while maintaining its steady growth journey with the service model reflecting Albaraka Turk’s predictive power and vision, future-oriented strategies and participation banking philosophy in the best way.

As Albaraka Turk, while putting new investment banking practices into effect successfully, we also continue to extend investor base. We’re reaching various investor mass with investment banking practices in compliance with our strategic plans. Domestic Leasing Certificate issues started in 2016 for our bank’s qualified investors have continued also in 2019 and we have performed 3.999.000 TL Leasing Certificate (Sukuk) issuance in the first half with a demand beyond our expectations.

Our Bank, being the first participation bank of Turkey and maintaining its goal of being the best participation bank of the World, has added new awards to the awards it has won in international field by receiving “The Best Participation Bank of Turkey” and “The Best Sukuk Transaction” awards at the eighth ‘Islamic Finance Awards 2018’ organized by International Finance Journal World Finance.

These awards received has been an indicator for justifying reputation of our Bank selected as “The Best Participation Bank of Turkey” in global markets and our various innovative investments pioneering participation banking in Turkey. This also indicates that investments and projects we perform has gotten positive returns from our customers.

Projects and progresses we have performed in accordance with the goal of “Being the Best Participation Bank of the World” also reveals to our customers our efforts we show to offer the best banking experience. As Albaraka Turk, with all our activities we have developed and increased in every field, we’ll continue our studies meticulously and devotedly for 15 percent market share which participation banking has aimed to achieve in 2023 in our country.

I would like to express my warmest thanks to all our stakeholders who have not begrudged their contribution and supports in our efforts awarded with trust and support of our Customers.

Respectfully Yours,

Melikşah UTKU
Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the First Half of 2019:

- In the first half of 2019, our total assets have actualized as TL 43.885.740.
- In the first half of 2019, the consolidated funds our Bank has collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 33.045.198 as of June 30, 2019. Approximately 65,89% of these funds are constituted of foreign currency funds.
- Participation accounts in the first half of 2019 has been TL 22.223.057. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	11.271.859	1.953.528	11.779.608	2.231.409	(4,31)	(12,45)
Current Accounts	2.907.059	503.823	2.809.656	532.233	3,47	(5,34)
Participation Accounts	8.364.800	1.449.705	8.969.952	1.699.176	(6,75)	(14,68)
FC Funds	21.773.339	3.773.542	16.843.865	3.190.730	29,27	18,27
Current Accounts	7.915.082	1.371.765	5.918.977	1.121.230	33,7	22,3
Participation Accounts	13.858.257	2.401.777	10.924.888	2.069.500	26,9	16,1
TOTAL	33.045.198	5.727.070	28.623.473	5.422.139	15,45	5,62

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	26.974.344	4.674.930	25.553.233	4.840.544	5,56	(3,42)
Non-performing Loans	2.128.229	368.844	1.888.547	357.747	12,69	3,10
Provisions	(1.103.888)	(191.316)	(893.485)	(169.253)	23,55	13,04
TOTAL	27.998.685	4.852.458	26.548.295	5.029.038	5,46	(3,51)

(*) Financial Leasing Receivables included.

The currency used in the preparation of the tables are as follows;

Balance Sheet Period	USD/TL
As of June 30, 2019	5,770
As of December 31, 2018	5,279

5. Evaluation on Financial Status, Profitability and Solvency:

- Our Operating Income has been TL 1.012.032.
- Net Fee and Commission Revenues have been TL 147.273, increasing by 72.60 %, our Net Profit Share income has been TL 340.076.
- Our net profit has been TL 49.716 for the first 6 months of the year.
- As of June 30, 2019, our capital adequacy ratio is actualized as 13,83%, over the minimum ratio.

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Information on Interim Report (continued):

6. Announcements regarding important developments during January 1, 2019 - June 30, 2019 period:

- In the article sent by Borsa İstanbul on 06/02/2019, our Bank is requested to make a disclosure about whether there is a material event regarding unusual price movement on our Bank shares that has not been disclosed to the public in accordance with Communiqué on Material Events of the Capital Markets Board. Regarding the unusual price and quantity movement on our Bank's shares, there is no material events not disclosed by our Bank to the public within the scope of the Communiqué No: II-15.1 of the Capital Markets Board.
- As a result of the unusual price and quantity movements, it has been announced to the public that the sale option of the shares that we have bought back in the context of Buy-Back Program accepted at the Ordinary General Assembly meeting held on 25.03.2015 can be utilized by the senior management.
- In accordance with the Share Buy-back Program accepted at the Ordinary General Assembly Meeting of our Bank held on 25.03.2015, a total of 816.112 units of the shares repurchased by Albaraka Türk Katılım Bankası A.Ş. were sold between 2.07-2,12 price range. With this transaction, the share of our company in the capital of Albaraka Türk Katılım Bankası A.Ş. has decreased to 1.10997233%.
- In accordance with the Share Buy-back Program accepted at the Ordinary General Assembly Meeting of our Bank held on 25.03.2015, a total of 778.410 units of the shares repurchased by Albaraka Türk Katılım Bankası A.Ş. were sold between 2,08-2,11 price range. With this transaction, the share of our company in the capital of Albaraka Türk Katılım Bankası A.Ş. has decreased to 1,02348233%.

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 27, 2019, our Bank's Ordinary General Meeting of Shareholders of was held on March 28, 2019 with the following agenda:

AGENDA:

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2018.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Discussing the proposal of the Board of Directors regarding the use and distribution of the profit shares and determining the use of the profit, the distribution and the rates of profit shares.
8. Discussing the fiscal rights and benefits of the Board members like salary & wages, perdiems, bonus & premiums and alike.
9. Submitting the members, who have been elected by the Board of Directors in the place of the vacant Board of Directors members to complete the remaining term of their predecessors, to the approval of the General Assembly.
10. Electing the Auditor.
11. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code.
12. Informing the General Assembly within the scope of article numbered 1.3.6 of the Corporate Governance Principles annexed to the CMB Corporate Governance Communiqué.
13. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2018.
14. Informing General Assembly on donations made by the Bank in 2018.
15. Authorizing the Members of the BoD in accordance with the article 6/10 of Regulation on Procedures and Principles on Acceptance and Withdrawal of Deposits, Participation Funds and Deposits, Participation Funds, The Bailed Goods and Receivables That Have Been Barred by Prescription".
16. Approving within the scope of the article 19/2 of Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside.
17. Remarks and requests.

You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders held on March 28, 2019 from Albaraka Türk website Investor Relations section from following link:

<https://www.albaraka.com.tr/en/general-assembly-information-document.aspx>

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Information on Interim Report (continued):

- In the Board of Directors meeting of our Bank dated 27.02.2019; Mr. Prof. Dr. Kemal VAROL, who will lose its independence status as of 29.03.2019 (due to expiry of the time period indicated in sub-paragraph “g” of the CMB's Corporate Governance Principles, article 4.3.6), has been appointed as a non-independent member of the Board of Directors as of 29.03.2019.
- Mr. Cenk Demiröz, Assistant General Manager of the Bank, stated that he resigned his duties due to special reasons as of 22.03.2019.
- Mr. Nihat Boz, Assistant General Manager of the Bank, stated that he resigned his duties due to his retirement as of 01.07.2019.
- At the General Assembly meeting held on 28.03.2019, Güney Bağımsız Denetim ve SMMM A.Ş. was selected as the Independent Audit Company / auditor.
- Pursuant to the Turkish Commercial Code Article 363/1 and the Articles of Incorporation of our Bank Article 22/1, Wasim Ahmed Abdul Wahab was elected as member of the Board of Directors. The new Director Elect shall be our Board Member temporarily until upcoming General Assembly of Shareholders (AGM) approval. Once his membership is approved in the AGM, Wasim Ahmed Abdul Wahab shall complete the office term of his predecessor.
- At the General Assembly Meeting held on March 28, 2019, Güney Independent Audit and SMMM A.Ş. has been elected as Independent Audit Company / Auditor.
- Our Baghdad Branch, which was announced to have received the necessary permissions from the Banking Regulation and Supervision Agency with the material event disclosure we made earlier, started its operations and started to serve at the address given below. Address: Al Mansour 14th Ramadan St. Building No. 83 Baghdad / IRAQ.
- Our Bank's Investor Relations Manager Sadrettin Bağcı has resigned from his duty as of 10 April 2019.
- The repayment of the 370-day murabaha syndicated loan amounting to USD 245 million and EUR 60 received by our bank on 24 April 2018 has been completed.
- JCR-Eurasia Rating has evaluated Albaraka Türk Katılım Bankası A.Ş. as a highly investable category and affirmed its Long Term International Foreign and Local Currency Rating as 'BBB-' and its outlook as Negative.
- It has been decided that the Investor Relations Department, which has been serving under the Assistant General Manager of Treasury and Financial Institutions shall continue to serve under the Assistant General Manager of Finance & Strategy, and referring to Article 11, paragraph 2 of the Corporate Governance Communiqué Serial II no:17.1 published in the Official Gazette on 3rd January 2014, Mustafa Karamehmetoğlu working full time in the partnership, has been determined as Administrator of the Investor Relations and as member of the Corporate Governance Committee.
- On May 9, 2019, the international rating agency Standard & Poor's affirmed its long-term and short-term credit rating to our bank as “B”, and revised the outlook as negative.
- The issues that took place during the period January 1, 2019 - June 30, 2019 were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

<https://www.albaraka.com.tr/ozel-durum-aciklamalari.aspx>